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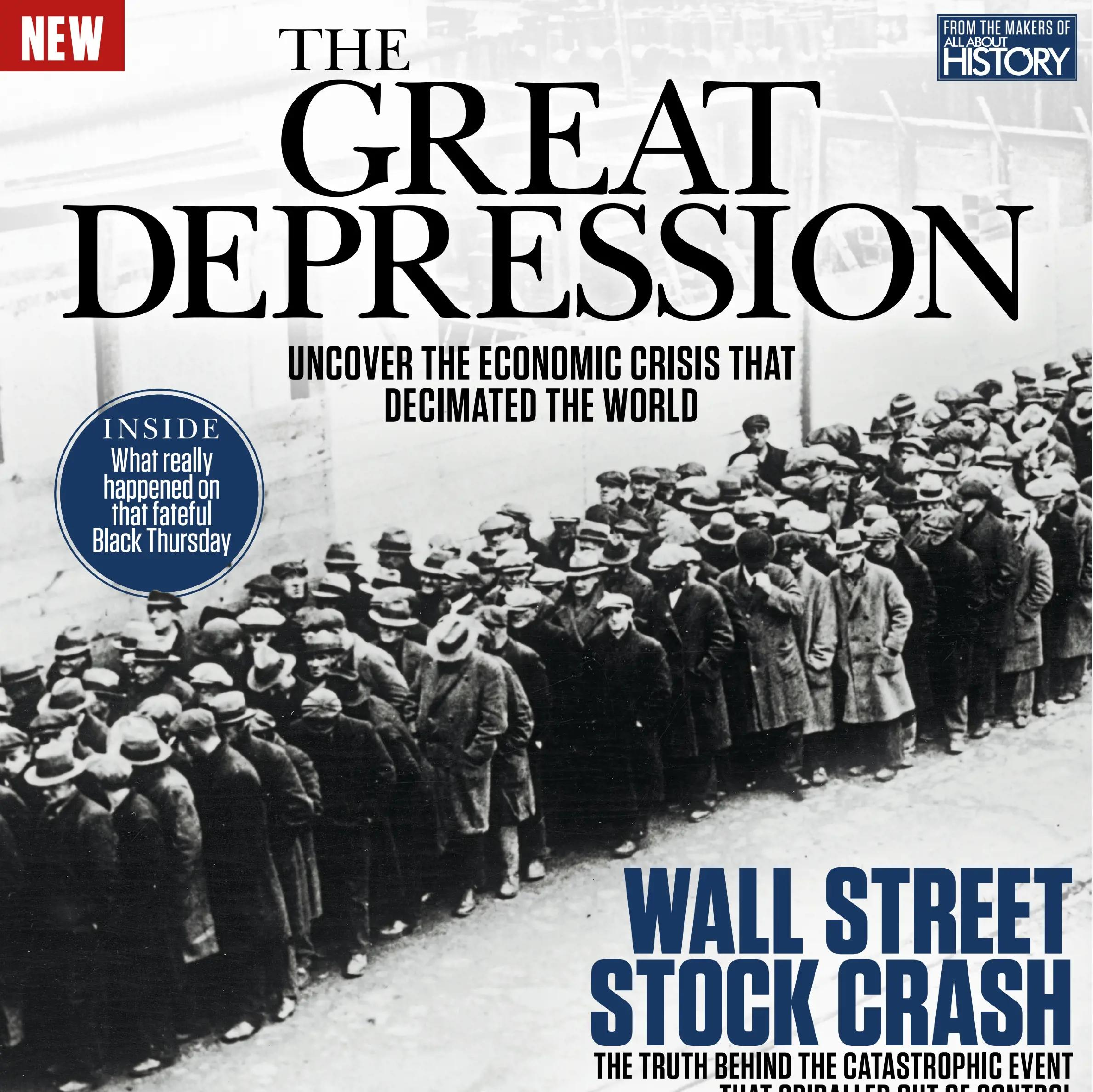
THE GREAT DEPRESSION

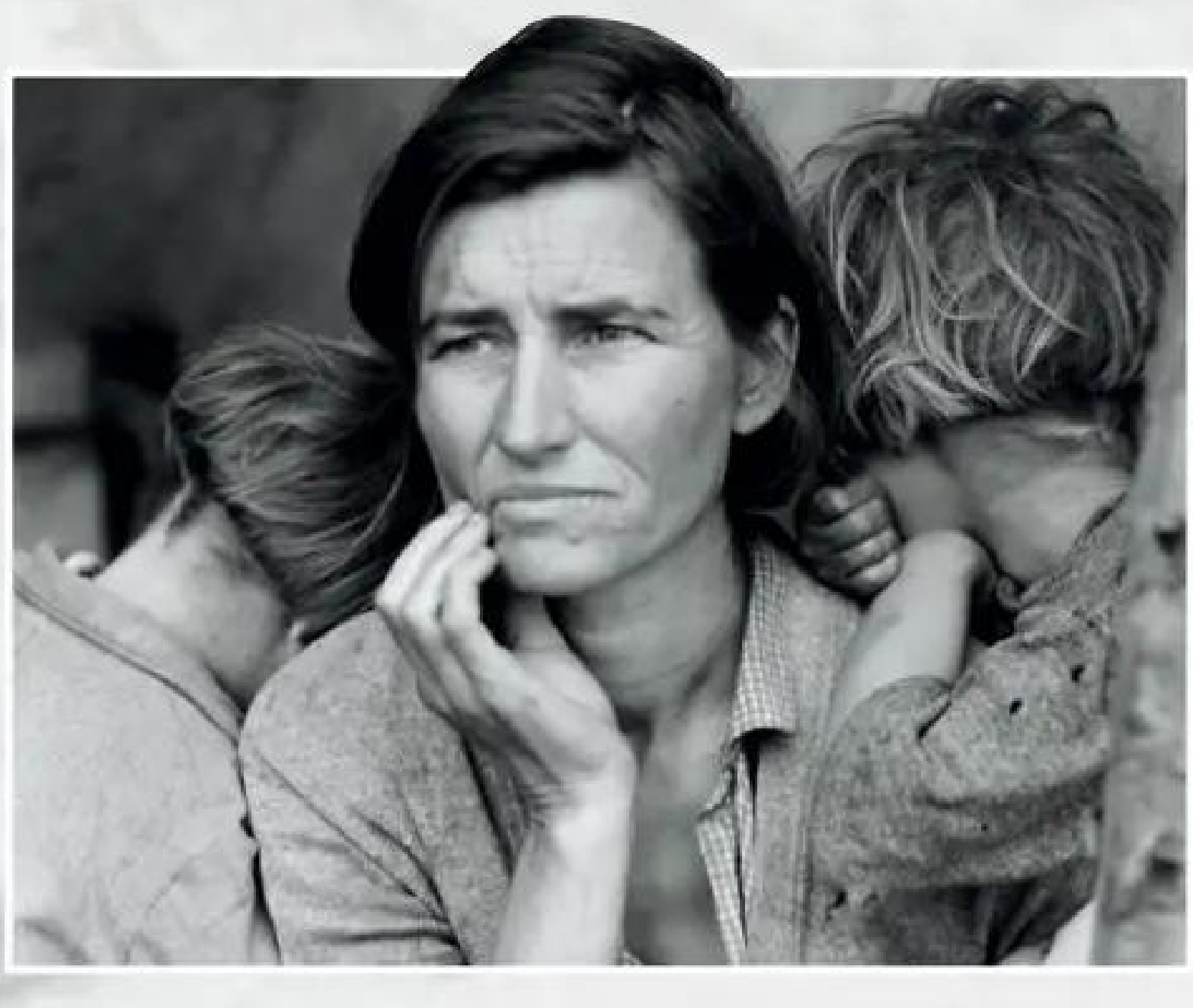
UNCOVER THE ECONOMIC CRISIS THAT DECIMATED THE WORLD



INSIDE
What really happened on that fateful Black Thursday

WALL STREET STOCK CRASH

THE TRUTH BEHIND THE CATASTROPHIC EVENT THAT SPIRALLED OUT OF CONTROL



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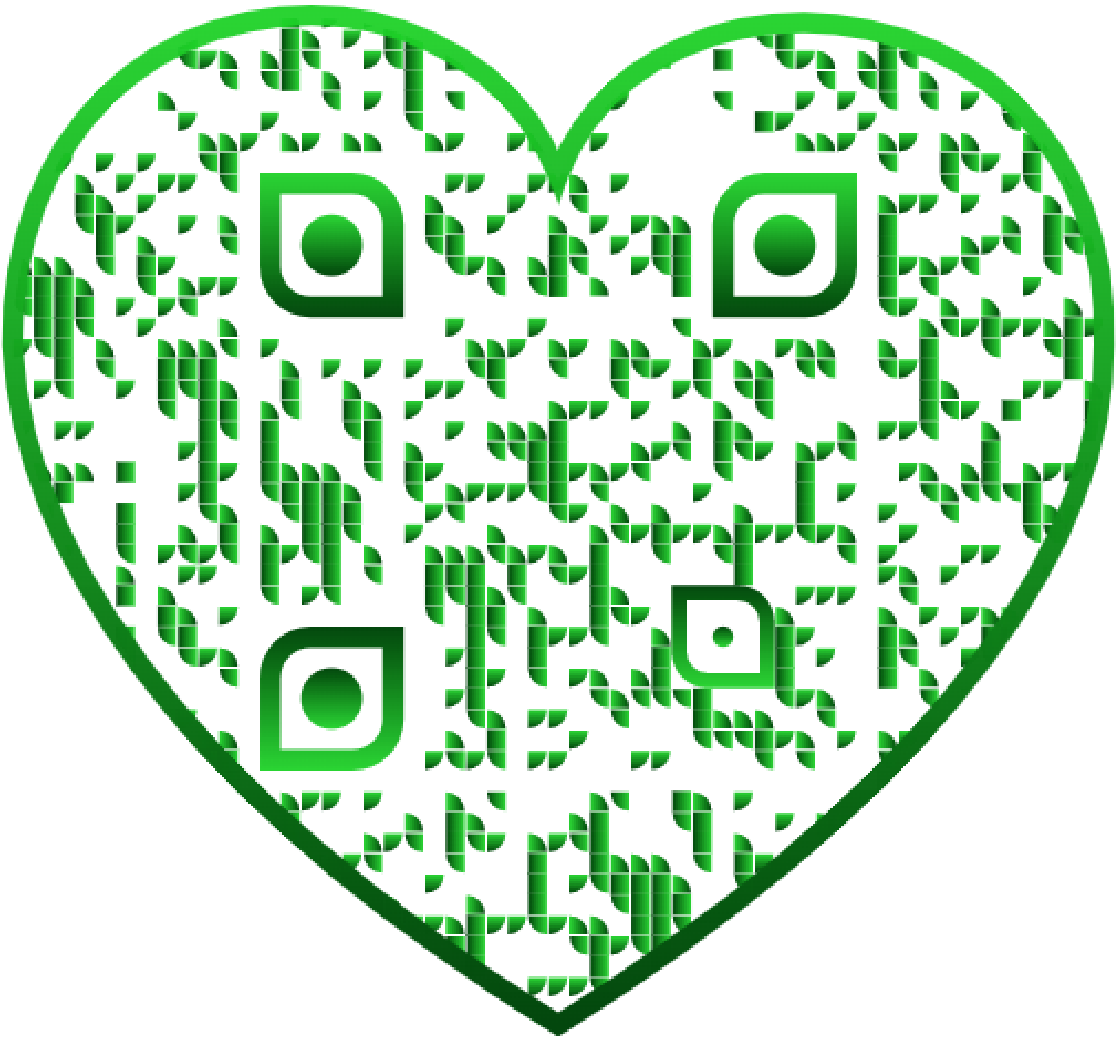

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THE GREAT DEPRESSION

On 24 October 1929, the United States took a catastrophic hit. It wasn't a bomb or a natural disaster - though both would strike in the following 15 years - but the biggest stock market crash to date. It was Black Thursday, and the Great Depression had begun.

In **All About History The Great Depression**, uncover the causes of America's economic collapse and find out how it ripped apart the decadent and fun-loving society of the Roaring Twenties. Meet the key players who tried to stem the catastrophe, and learn why their efforts were in vain as the United States and the world spiralled into crippling debt. Explore how the Wall Street Crash led to the rise of a ruthless fascist dictator in a ruined Germany and discover how we remember it today.

FUTURE

THE GREAT DEPRESSION

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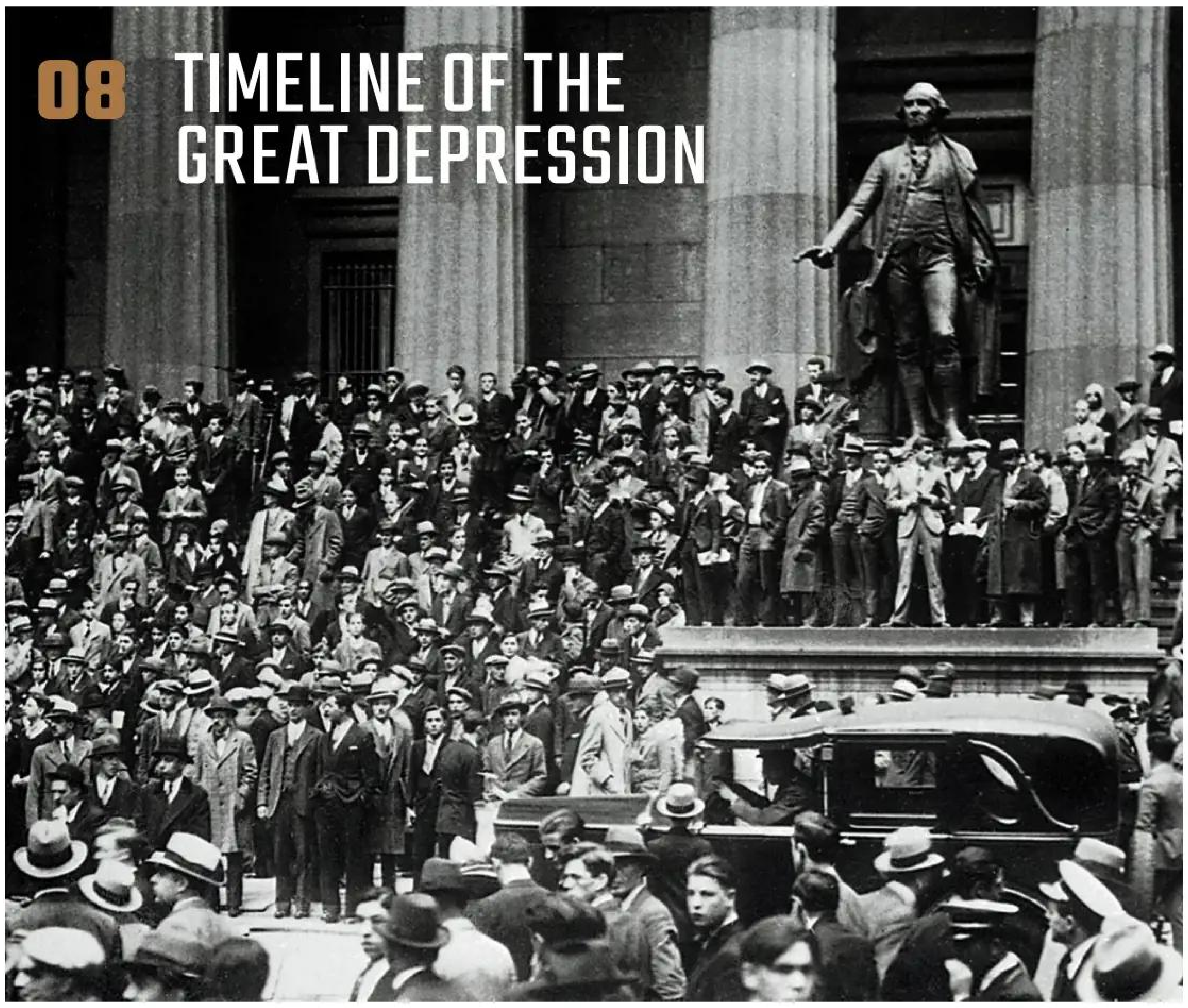

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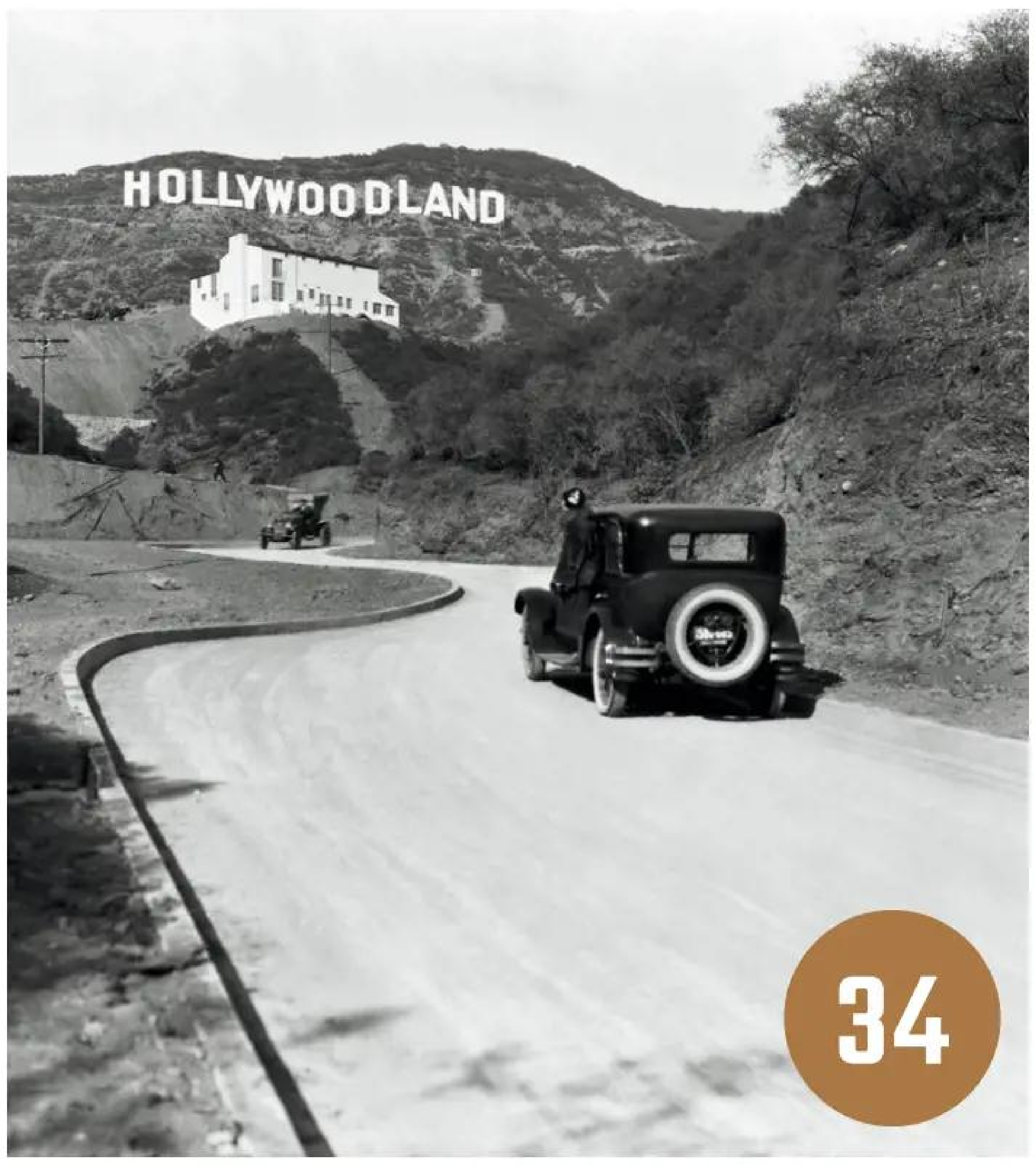

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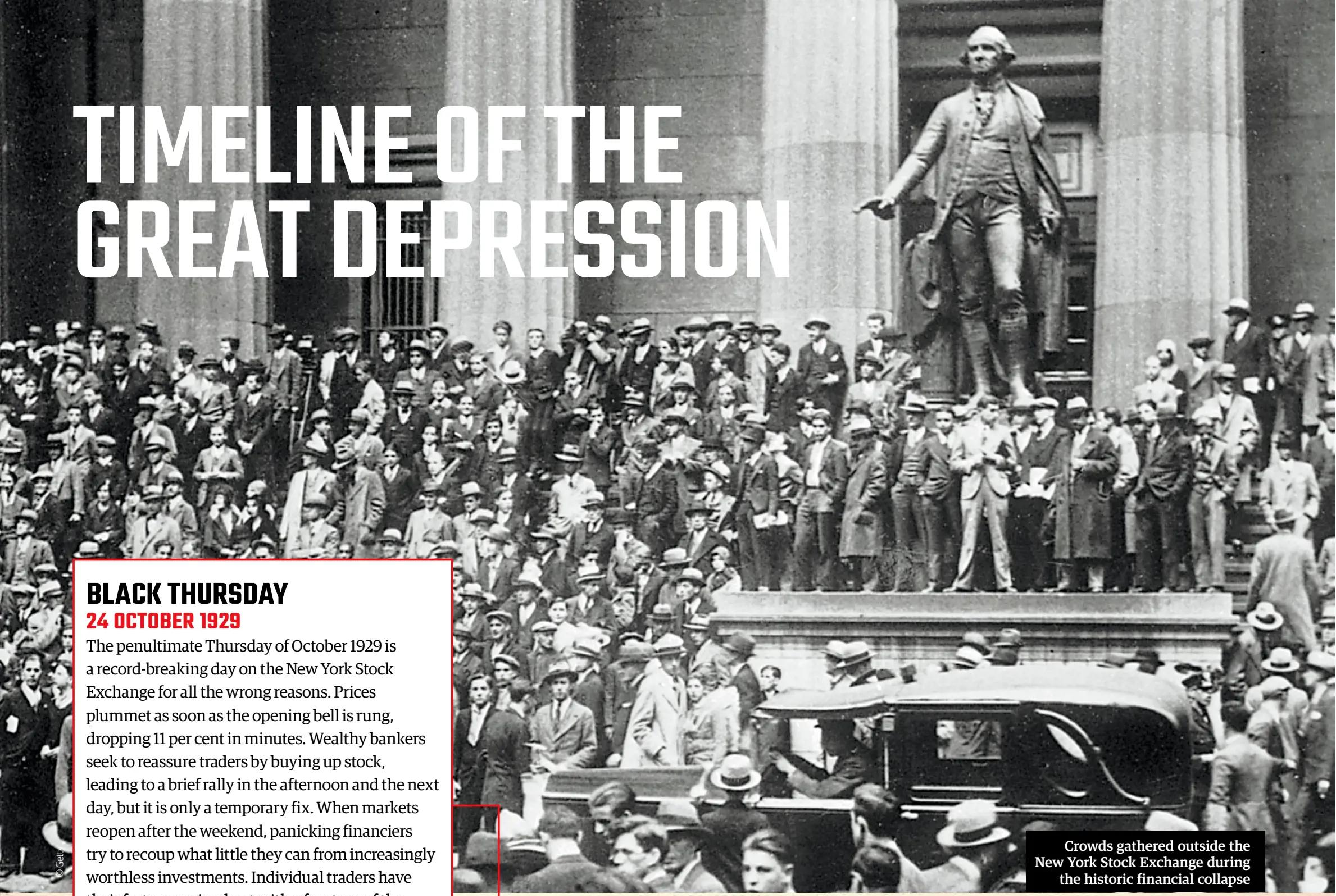


Crowds gathered outside the New York Stock Exchange during the historic financial collapse

© Gett

BLACK THURSDAY

24 OCTOBER 1929

The penultimate Thursday of October 1929 is a record-breaking day on the New York Stock Exchange for all the wrong reasons. Prices plummet as soon as the opening bell is rung, dropping 11 per cent in minutes. Wealthy bankers seek to reassure traders by buying up stock, leading to a brief rally in the afternoon and the next day, but it is only a temporary fix. When markets reopen after the weekend, panicking financiers try to recoup what little they can from increasingly worthless investments. Individual traders have their fortunes wiped out with a few taps of the ticker tape. Banks lose their holdings and risk becoming insolvent, reducing credit available to businesses. Workers lose their jobs, putting greater pressure on the economy. The United States finds itself in a vicious cycle of economic decline; the impact of which will be felt around the world.

SMOOT-HAWLEY TARIFF ACT

17 JUNE 1930

By increasing tariffs on more than 20,000 items, the US Congress hopes to protect jobs and farmers from foreign competition. However, protectionism leads to American international trade falling by half, exacerbating the effects of the new recession.

1929

1930

© Getty / PhotoQuest

BLACK TUESDAY

29 OCTOBER 1929

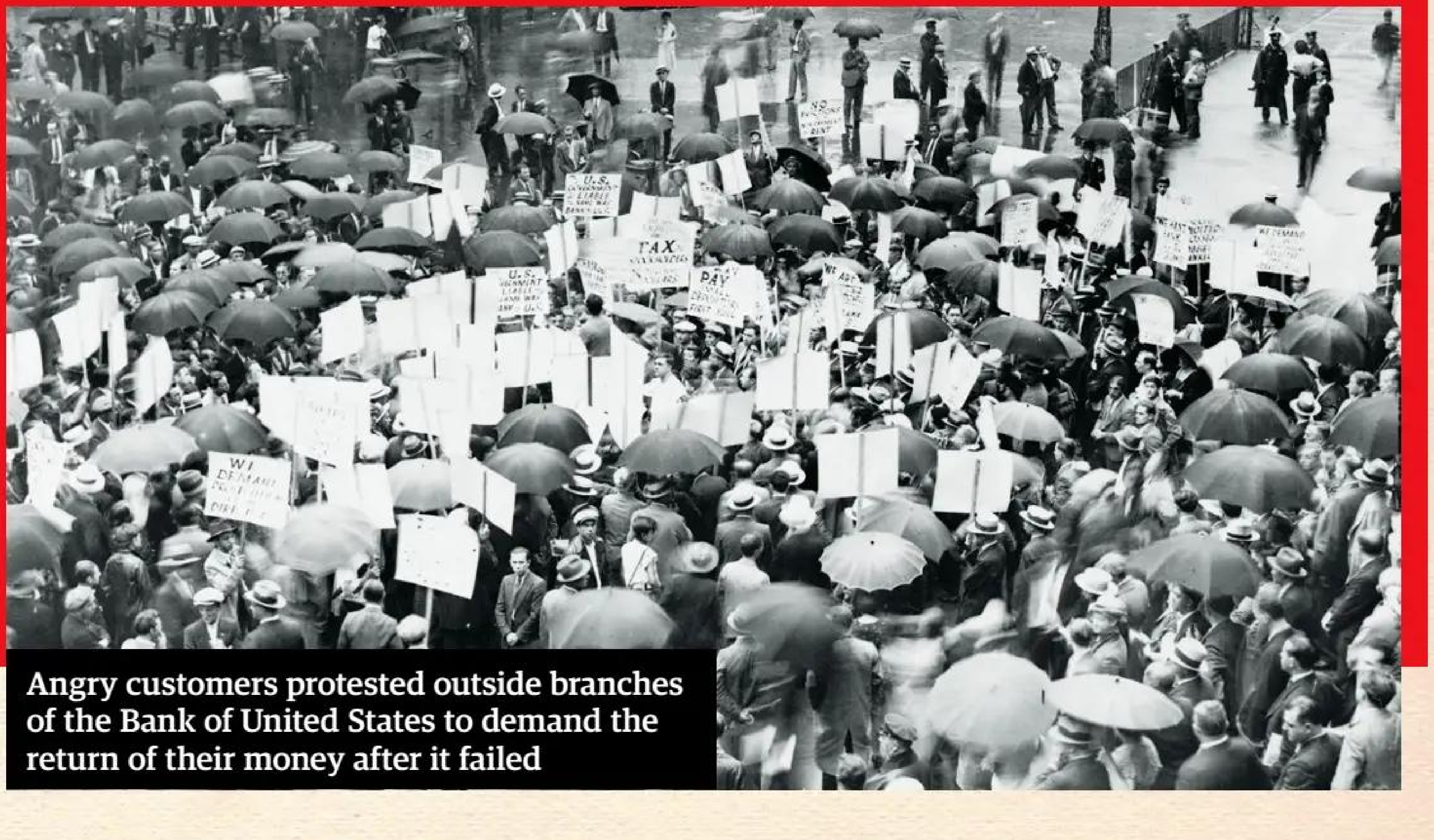
The Wall Street Crash peaks with 16 million shares being traded in a single day and the market closing at a loss of $30 billion over two days.

Representative Willis C Hawley and Senator Reed Smoot thought a protectonist stance would save the US economy; they were wrong

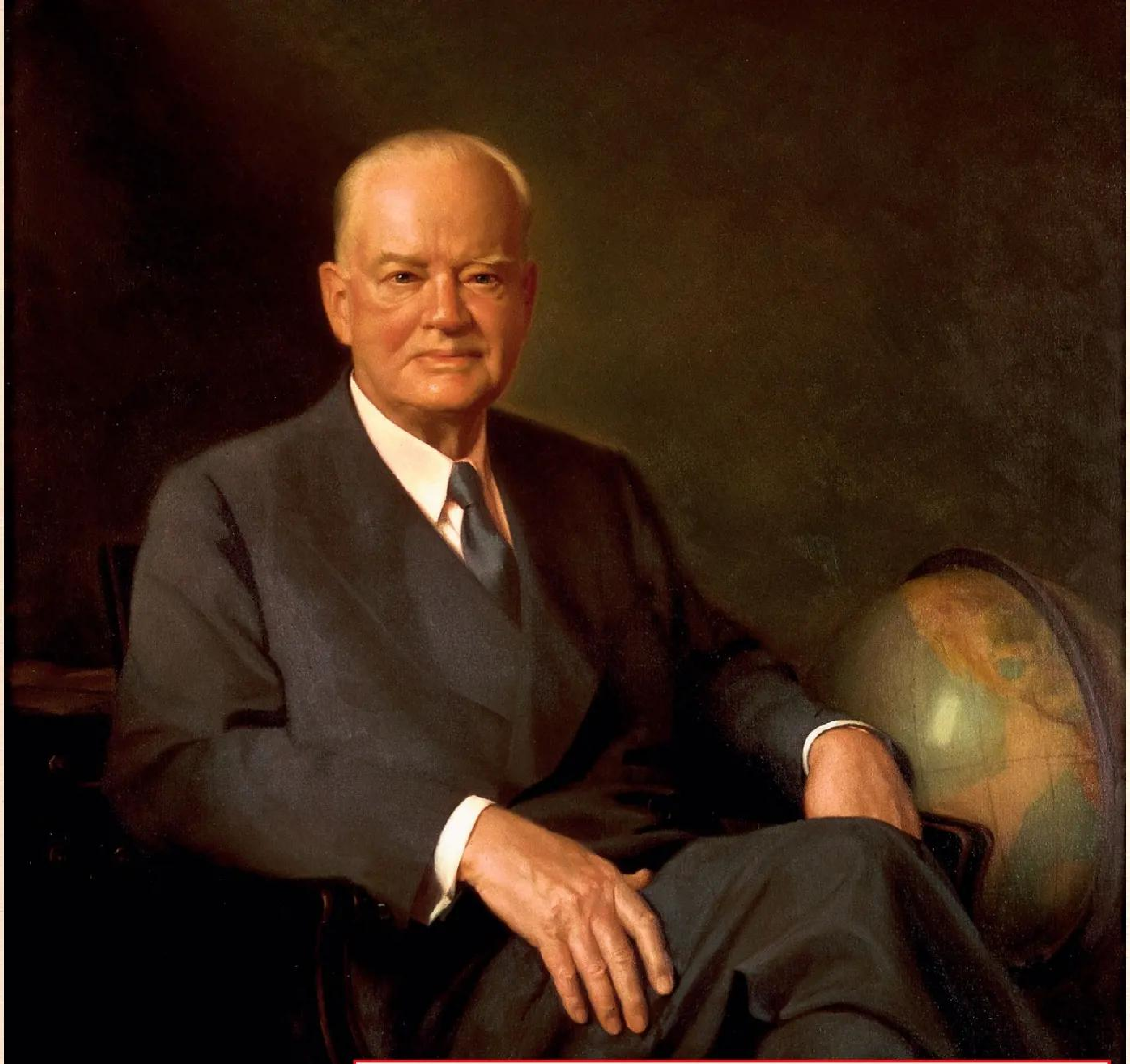
BANKING CRISIS HITS NEW YORK

10 DECEMBER 1930

In a letter hastily written during the Wall Street Crash, the president of the Bank of United States in New York – the 28th largest bank in the country – reassured shareholders that the bank was on a sound financial footing. The message wasn't received by its customers. A little over a year later, rumours that the bank is becoming insolvent lead to people queuing for hours outside a branch in the Bronx to withdraw their money. By the end of the day, with $2 million less in the vaults, the directors are forced to accept that the bank has failed and they call in the state regulators. The Bank of United States is the largest and most notable casualty of a panic that sees bank runs throughout the country force more than 300 banks to close their doors during December alone.



Angry customers protested outside branches of the Bank of United States to demand the return of their money after it failed



Herbert Hoover thought the weak European economy was a major cause of the Depression but failed to prevent the financial crisis spreading

HOOVER MORATORIUM

20 JUNE 1931

Aware that the economic depression had spread to Europe, US president Herbert Hoover hopes to nip the crisis in the bud with a proposal to temporarily suspend German war reparations and Allied war debt repayments. The controversial idea is adopted, despite opposition from many in the United States, who do not want to bail out Europe in the midst of an American depression, and France, who opposes leniency on Germany, but the plan fails to prevent the financial crisis deepening. Within a month the German Danatbank fails, leading to runs on other banks as customers hurriedly withdraw their savings. Germany is on the brink of economic disaster.

RAMSAY MACDONALD
THE CAPTAIN WHO STUCK TO THE SHIP

Ramsay Macdonald was the head of a largely Conservative coalition with a 500-seat majority after the 1931 general election

© Getty / Fox Photos / Strin

MACDONALD FORMS THE NATIONAL GOVERNMENT

24 AUGUST 1931

As the economic slowdown hits the UK, Prime Minister Ramsay Macdonald reluctantly journeys to Buckingham Palace to tender his resignation after his Labour cabinet refuses to countenance cutting unemployment benefit to balance the budget. George V, however, persuades his prime minister to stay on at the head of a National Government backed by the Liberals and Conservatives. Macdonald remains in Downing Street for another four years and steers Britain through the worst of the Great Depression, but he is denounced as a traitor to his party for doing so. Their opposition is ineffectual, however, since the Labour Party is trounced in October's general election, losing 235 of its 287 seats in the Commons.

The Hood was one of the Royal Navy ships involved in a strike over pay cuts, causing a panic on the London Stock Exchange and a run on the pound

1931

COLLAPSE OF CREDITANSTALT

11 MAY 1931

When Austria's largest commercial bank goes under, it triggers a cascade of failures across Europe and a second wave of the banking crisis in the US. Although Creditanstalt will eventually be rescued, savings of more than 140 million schillings disappear.

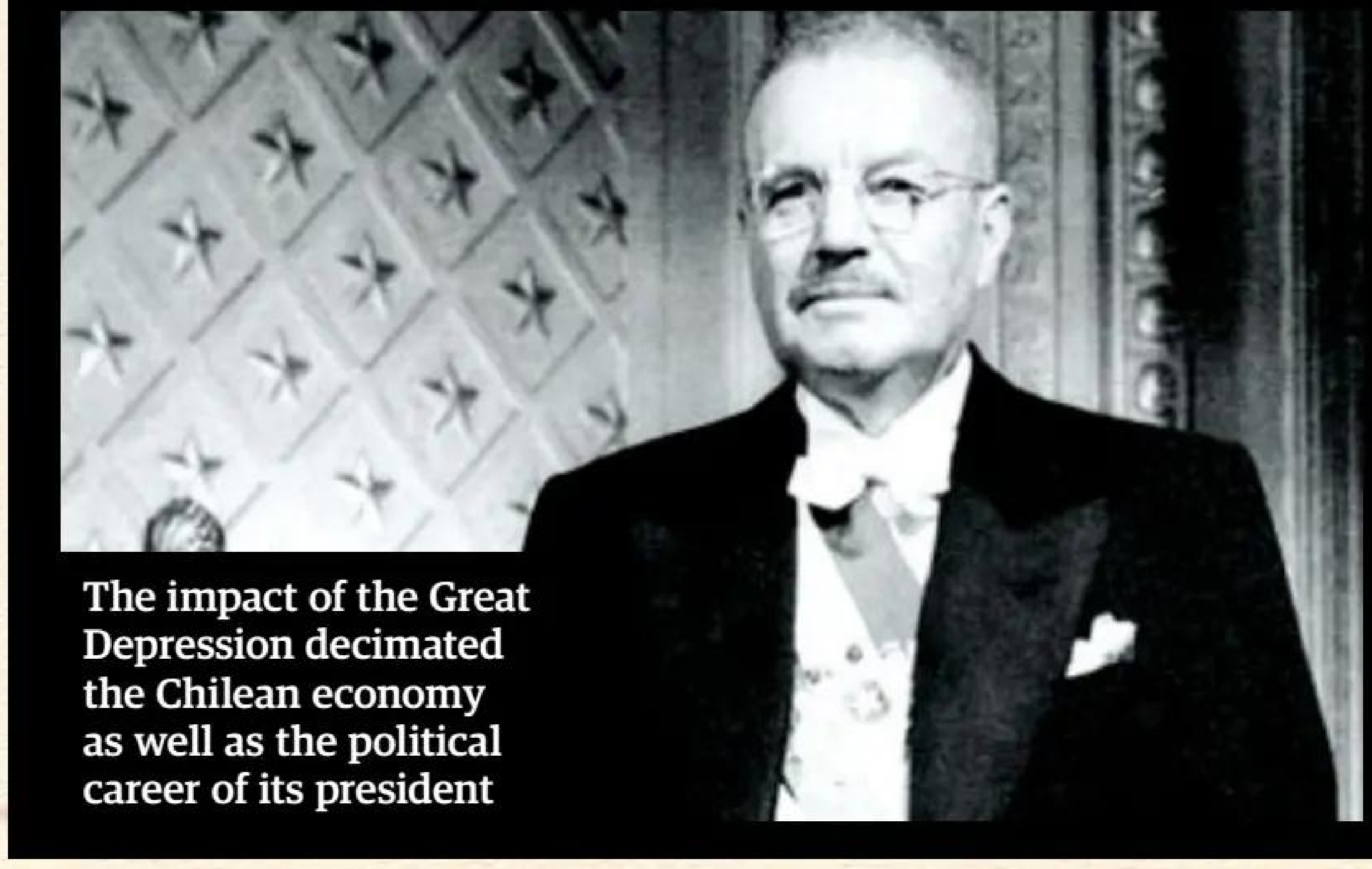
INVERGORDON MUTINY

15 SEPTEMBER 1931

After learning from newspaper reports that reductions in public spending mean an imminent pay cut, the crews of Royal Navy ships in the Scottish port of Invergordon refuse to follow orders in a two-day strike.

The former headquarters of Creditanstalt in Vienna, Austria. The bank's failure kickstarted financial woes across Europe and the US

© Wiki / Werckmeister



The impact of the Great Depression decimated the Chilean economy as well as the political career of its president

IBÁÑEZ FLEES CHILE

26 JULY 1931

Heavily dependent on raw material exports, Chile is particularly badly hit by the world crisis. So bad is the resulting civil unrest that President Carlos Ibáñez del Campo resigns and flees to Argentina, setting in motion 18 months of short-lived, unsuccessful governments.

© Getty/Hulton Archive/Stringer

The end of the gold standard allowed many people to trade in jewellery for much-needed cash

UK LEAVES GOLD STANDARD

21 SEPTEMBER 1931

British politicians and economists are united in their desire to keep Britain on the gold standard, fixing the value of the pound to the price of gold, but it is an impossible mission. The summer of 1931 sees investors around the world withdraw gold from London at the rate of £2.5 million per day and foreign loans are insufficient to keep the British economy afloat. With the National Government little more than a month old, Chancellor Philip Snowden reluctantly announces that Britain is the first major currency to come off the gold standard. The results, however, are surprising. British exports become more competitive as the value of the pound drops, and the government is free to pursue monetary policies that stimulate a gradual economic recovery. In Britain, and in other countries that follow its example by shifting from the gold standard, the worst of the Great Depression is over.

BONUS ARMY CONFLICT

28 JULY 1932

Tempers are frayed at a shanty camp outside Washington, DC, where unemployed veterans from World War I demand that their service certificates – which could be redeemed for cash in 1945 – be immediately paid out. The government orders the crowd of 17,000 veterans, which is backed by 26,000 wives, children and other supporters, to disperse, but the so-called Bonus Army faces off against the police and army, commanded on the ground by Chief of Staff Douglas MacArthur. Shots are fired and two protesters are killed, but President Hoover remains unsympathetic to the cause and the Bonus Army is driven away. Any shelters and possessions that remain are burned, but ill-feeling towards the president also smoulders. Hoover goes on to suffer a humiliating landslide loss in November's presidential election.

Six tanks and 1,000 troops were used in the operation against the Bonus Army

HITLER APPOINTED CHANCELLOR

30 JANUARY 1933

German voters, suffering hardship caused by nearly 30 per cent unemployment, flock to the Nazis until they become the largest party in the Reichstag. Despite the misgivings of many moderates, the divisive Nazi leader, Adolf Hitler, is installed as chancellor.

1932

1933

1934

WALL STREET'S RECORD LOW

8 JULY 1932

The New York Stock Exchange closes at its lowest level of the 20th century, bringing to an end three years of decline since the Wall Street Crash. Share prices had slumped 89 per cent since October 1929.

GREAT DEPRESSION IS NAMED

15 JUNE 1934

It is a tome called *The Great Depression*, written by British economist Lionel Robbins, which gives the 1930s its universally recognised name. President Hoover has previously referred to the "depression", thinking it sounds preferable to a 'panic' or 'crisis'.

FDR signs the Tennessee Valley Authority Act, aiming to redevelop the area while providing employment opportunities

FIRST 100 DAYS

4 MARCH 1933

When new president Franklin Roosevelt arrived in the White House to begin the first of four terms in office, he moves with unprecedented swiftness. 13 major laws are enacted in rapid succession, a period that FDR later refers to as his "first 100 days". Roosevelt's New Deal aims to set up a support system for the poor and increase employment through public spending programmes. The Civilian Conservation Corps enrol 250,000 young workers by July, while the Federal Emergency Relief Administration gives $500 million in loans to states to create unskilled jobs and provide poor relief. Critics worry that Roosevelt's spending is turning America into a socialist state, but the New Deal probably helps the United States over the worst of the Great Depression.

A dust storm approaches Stratford, Texas, in 1935

Hitler inspects one of his first U-boats, a type of ship specifically outlawed in the Treaty of Versailles

© Getty / Print Collector

GERMANY ADMITS REARMAMENT

16 MARCH 1935

A poorly kept secret is confirmed when Adolf Hitler announces that Germany is rearming in violation of the Treaty of Versailles. Small-scale covert rearmament took place during the years of the Weimar Republic, with the civilian Deutsche Verkehrsfliegerschule (German Air Transport School) training pilots who would later join the Luftwaffe, but the Nazi regime takes it to another level. Dummy companies are formed to place orders from weapons manufacturers like Krupp. Once rearmament is out in the open, factories churn out guns, aircraft and warships until German military might dominates Europe. Although rearmament is an ominous sign of international tension, it also stimulates spending and economic recovery in Germany. Once Britain and France begin to rearm to combat the Nazi threat, their economies also receive a boost.

PEARL HARBOR

7 DECEMBER 1941

The outbreak of war in Europe leads to an increase in military spending in the United States, but high unemployment only comes to an end after the Japanese attack on Pearl Harbor sends the American armament industry into overdrive.

1935

1937

1941

SICK CHICKEN CASE

27 MAY 1935

The landmark decision laid down by the Supreme Court in Schechter Poultry Company v United States rules that the National Industrial Recovery Act, a main component of the New Deal, is unconstitutional.

A hard-up family walks along Highway 99 to San Diego in search of work in the late 1930s

DUST BOWL

14 APRIL 1935

The Great Depression had already squeezed farmers who lived in the American prairies, making the ecological changes occurring during the 1930s the nail in the coffin for many families. Decades of deep ploughing had removed native grasses that held the soil together and combined with a long drought to turn the topsoil to dust. The Black Sunday storms of mid-April 1935 rip up huge clouds of soil from the Dust Bowl, reducing visibility to zero and coating cities as far away as New York and Washington, DC, in layers of dust. The arid farmland forces massive population relocations, with over 1 million poor migrant 'Okies' (although only one-fifth came from Oklahoma) descending on California in search of work.

ROOSEVELT RECESSION

MAY 1937

Although the American economy looked to be on the verge of returning to normal when Franklin Roosevelt was comfortably re-elected in 1936, a sudden and unexpected recession plunges the country back into the red from May 1937. Although not as hard-hitting as the recession that followed the Wall Street Crash, gains made under the New Deal are wiped out as unemployment and manufacturing levels return to 1934 levels. FDR blames big business for the sharp downturn – even suggesting that monopolies had deliberately cast the country back into recession to persuade people to vote Republican – and embarks on another large spending programme with the aim of sparking another upturn.

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A POST-WAR WORLD

The Great War not only claimed millions of lives, it severely damaged the world's economy - and there was no recovery in sight

Words Grace Freeman

In the final weeks of 1918, the world emerged dazed and broken from a four-year battle that had changed it forever. The Great War - famously labelled the "war that will end war" by author HG Wells - had claimed millions of lives, almost entirely obliterating a generation and reams of the globe's resources, both natural and man-made.

Although the combat had ceased, it would be more than six months before the peace treaty was concluded in Versailles' gleaming Hall of Mirrors in June 1919. The public's mood was buoyant yet vengeful; France's populace rejoiced as the Treaty of Versailles was signed and the most damaged nation was keen to place the full blame on Germany. Great Britain had endured less devastation over the four years, but its public was as eager as its French allies to coerce Germany into demobilisation. The United States of America revelled in the combat's end, but was focused on advocating for peace and rebuilding a strong European economy - Germany included.

The clauses of the Treaty were particularly harsh on the German nation: they were stripped of 25,000 square miles of land, their key territories were handed over to the Allies, their armed forces were mostly demobilised, and they were held culpable for all damages "as a consequence of" their "aggression". Woodrow Wilson, the United States' 28th president, loudly spoke out against the severely cruel treatment of Germany, and, like Great Britain's prime minister David Lloyd George, voted

Conditorei Cafe Derendorf

French troops occupied the Ruhr region for two years when Germany failed to make its reparation payments

©Library of Congress Prints and Photographs Division Washington, D.C

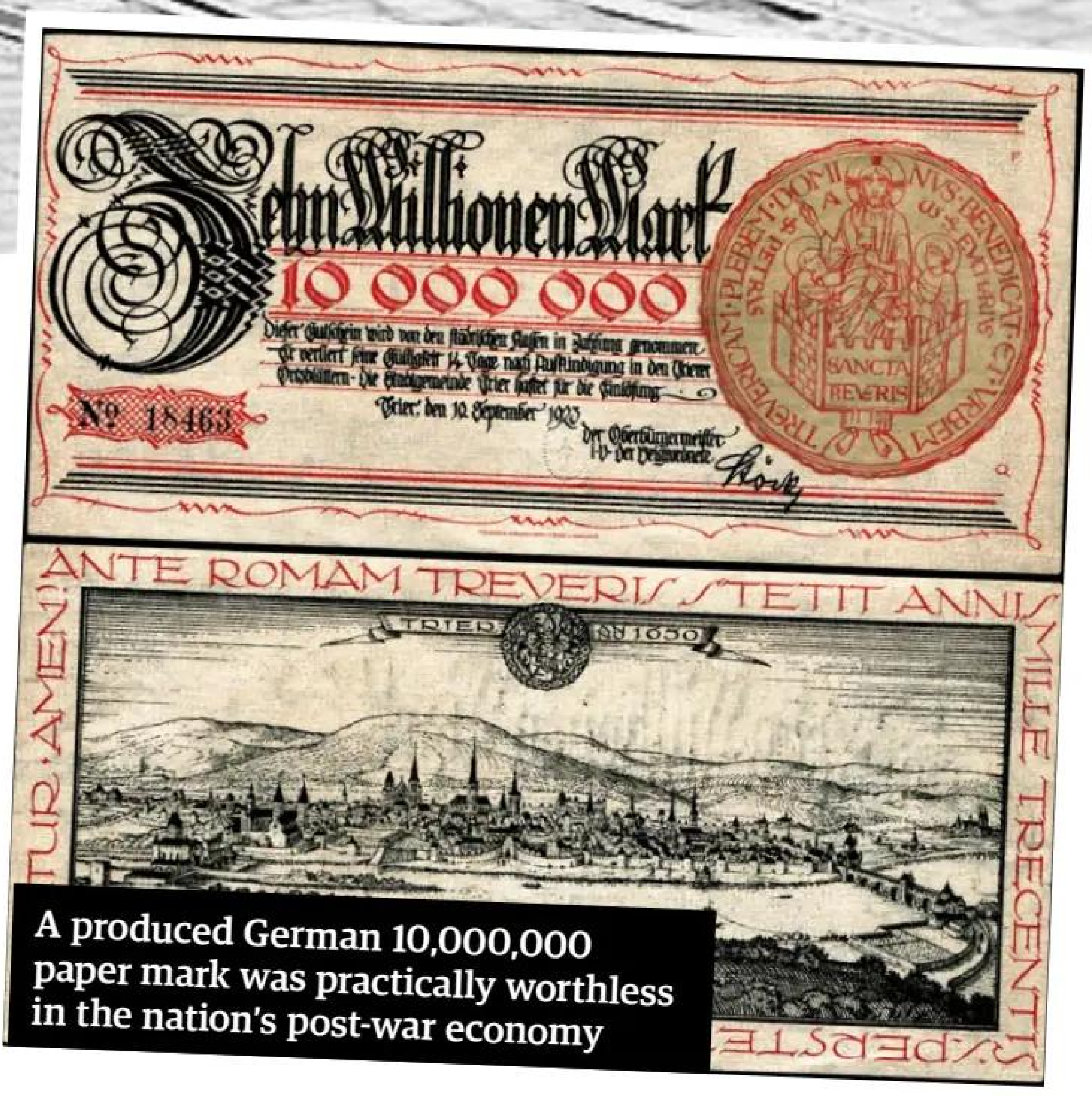
against the occupation of the territories. Wilson would later receive a Nobel Prize for his endeavours in promoting peace.

In financial preparation for their Allied involvement in the war, the American government had raised its country's taxes and begun to sell Liberty Bonds, war bonds that were purchased by the popular as a symbol of patriotic duty. Their purpose was twofold: both to gain money and to encourage citizens to save as opposed to spend during the conflict, thus allowing the control of inflation. With the bonds, the state promised the public their payment back in full, along with an exclusive interest rate; by the end of the war, this governmental debt had reached around $25 billion.

Despite this, after the four years of combat the United States emerged as the world's leading economic power. With many Americans viewing the Great War as an entirely European conflict – regardless of the United States' involvement from April 1917 onwards – the nation retreated from public international affairs and demanded that the Allies repaid their loans in full. Even though many countries defaulted on their loans, unable to pay, the US enjoyed a 44-month-long boom, with governmental debt shrinking from $24 billion to around $17 billion and a profitable rise in the stock market, which would see the start of the Roaring Twenties. This wasn't to last, however, with the infamous Wall Street Crash of 1929 marking the start of the ten-year-long Great Depression.

From 1914 to 1918, Great Britain increased taxation and shifted almost all of its economic production to munitions. Although this was necessary for the war effort, it marked a significant economic decline in produce from other industries, and this loss – along with the sheer number of human casualties, with more than 745,000 killed and 1.7 million wounded – was enormous. By the end of 1918, the estimated cost to the British Empire exceeded £7 million (excluding loans and advances) and, although Germany was due to pay for losses and reparations, Great Britain, in turn, owed the United States millions for its shared loans.

Great Britain, initially, entered a short economic boom for a year or two after the cessation of gunfire, as private capital was invested into its rebuilding and the shipping and coal-mining industries hit a temporary peak following four years' worth of lost stock – but this was all too brief. Prior to the war, Britain had been the world's leading capital exporter, but from 1914 to 1918, it gathered debts to the equivalent of 136 per cent of its gross national product and, although it was largely unaffected by physical devastation and demobilisation, bills were too great and unemployment was too high – reaching a spike of 11.3 per cent in 1921; the highest since records began.



A produced German 10,000,000 paper mark was practically worthless in the nation's post-war economy

France, of course, had suffered the worst land destruction, with most of the battles of the Western Front taking place on its soil, and the jubilation of both the Armistice in November 1918 and the signing of the Treaty of Versailles in June 1919 quickly disappeared as the nation despaired at amount of restoration that needed to take place. Although Germany ultimately agreed to bear this monetary load, there were still more pressing and immediate reconstructions to complete and, thanks to funding from both its people – known as "loans of the peace" – and donations from other European countries, the urgent repairs began.

> “WITH MANY AMERICANS VIEWING THE GREAT WAR AS AN ENTIRELY EUROPEAN CONFLICT, THE NATION DEMANDED THAT THE ALLIES REPAID THEIR LOANS IN FULL”

The French nation had borne, too, one of the highest number of casualties of the War, with more than 1,150,000 killed in action and, as such, experienced a dramatic decrease in manpower in the reproduction and reconstruction of their sustained damages. Countless towns and agricultural spaces had been literally torn apart by the warfare and there were neither enough people nor enough finances to help to rebuild them; by 1919, both the value of the French franc and production in the steel industry – one of France's largest exports – had diminished by 50 per cent.

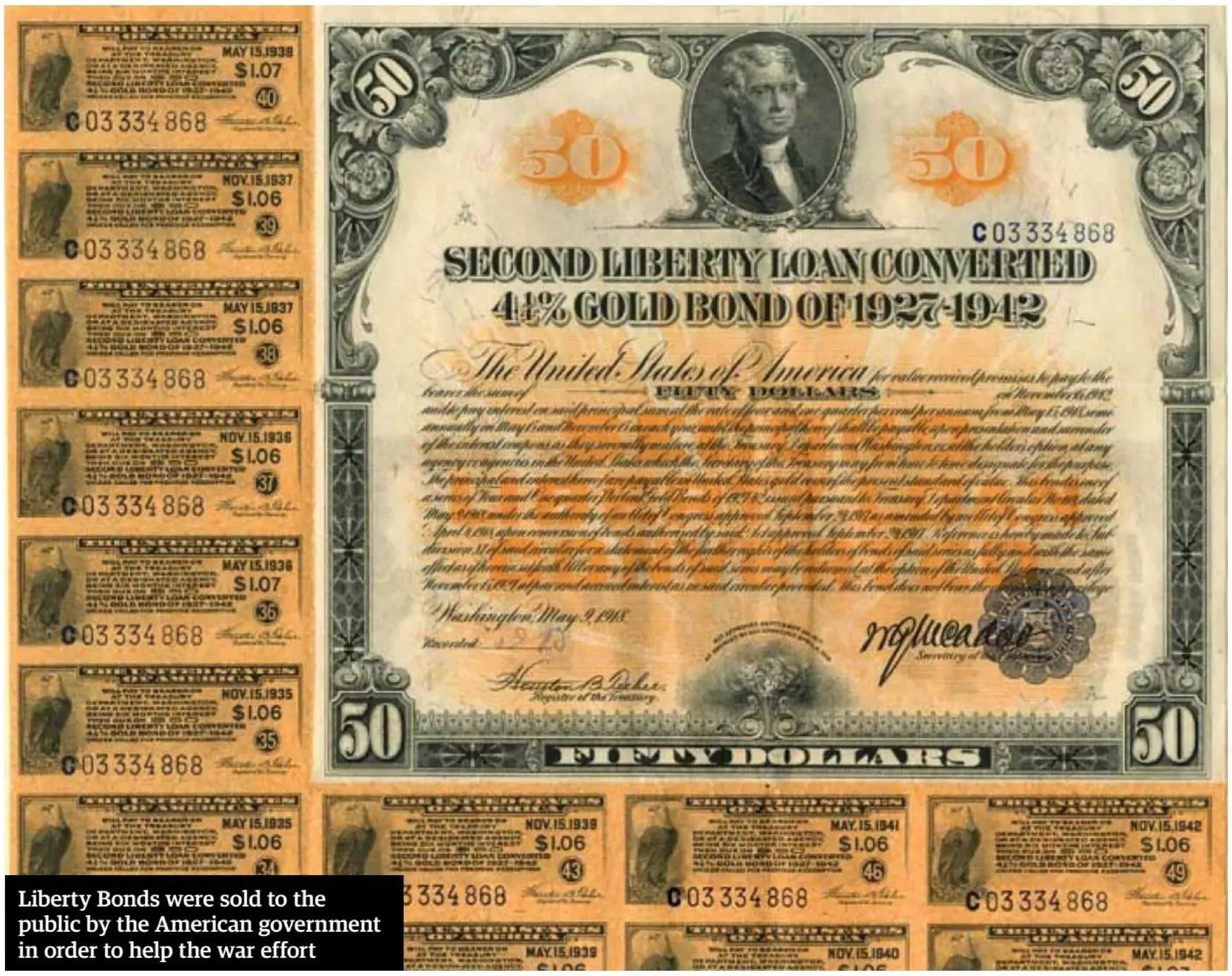
France's extreme Right had already denounced Prime Minister Georges Clemenceau as too lenient in his demands in the signing of the 1919 Treaty. In January 1920 he resigned as prime minister and the nation as a whole were eager – after years of disruption – to claw their way back to a state of economic balance and prosperity through any means necessary… and, ideally, without control from the state. The transition from wartime to peacetime, however, was more fragile than anticipated and government involvement was key in economic growth and rebuilding well into the next decade.

In Germany, the economic recession hit even harder than in the rest of Europe, due to the conditions imposed by the Treaty of Versailles. They were required to pay out billions in reparation costs to France, Great Britain, Belgium and other countries of the Allies, so that they, in turn, could pay back the loans they had garnered from the United States. The German nation, then, was put under a tremendous amount of monetary pressure, which did little to ease the worrisome damage of the European economy of the time.

In actuality, the total amount of payments made were smaller than initially planned, with German reparation costs eventually reaching around $5 billion of an arranged $33 billion. The nation still struggled to pay this, however; as a result of the Treaty's clauses, they had lost many of their territories, resources and equipment, and the value of the German mark was steadily declining against other European currencies. Using further loans from the United States, it managed to make some reparation payments, but this was ultimately still unsustainable by the end of 1922.

As a result, France and Belgium occupied the German Ruhr valley from 1923 to 1925 as a means of enforcing payments; however, this pushed Germany into further economic crisis as it halted coal, iron, and steel production within the region. The occupation was passively resisted and inflation increased; Germany accelerated its currency printing to accommodate its demands, but this resulted in such hyperinflation without economic support or produce that it became practically worthless, and it took the implementation of a new payment plan, the Dawes Plan, the following year for the nation to find its feet again.

The world was unable to revert back to what it had been prior to 1914, and the economic state was only one strand of the catastrophic web – albeit a monumental strand. With the collapse of currency, employment and industry, further chaos was imminent and was soon to follow, in the subsequent decade and far beyond.



Liberty Bonds were sold to the public by the American government in order to help the war effort

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JOHN MAYNARD KEYNES

One economist saw the damage that the Treaty of Versailles would cause

© National Portrait Gallery, London

While most of the British public were keen to see Germany bear the brunt of the costs of the war, economist and Versailles negotiator John Maynard Keynes denounced the conditions set out in the Treaty of Versailles and called it a Carthaginian peace, achieved only by obliterating the enemy.

He predicted that the harsh terms imposed on Germany would propel the entire European economy into ruin and advocated instead for Wilson's Fourteen Points – a strategy that the president had proposed in 1918 to achieve a stable economy and secure world peace and which the German nation had agreed to at the signing of the Armistice. Keynes criticised the treaty, saying that it included "no provisions for the economic rehabilitation of Europe – nothing to make the defeated Central Powers into good neighbours, nothing to stabilise the new states of Europe, nothing to reclaim Russia; nor does it promote a compact of solidarity amongst the Allies".

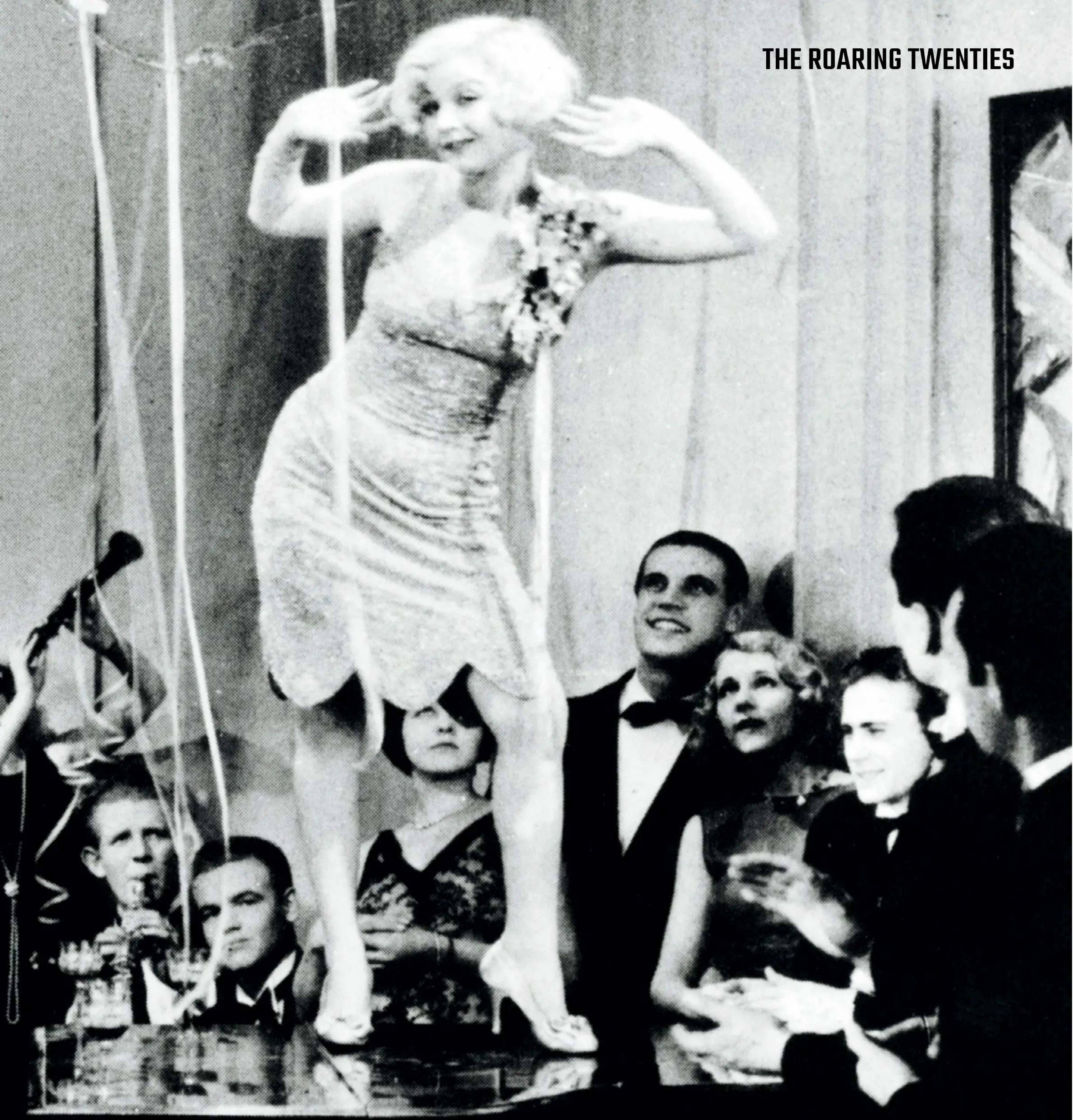
Keynes' work *The Economic Consequences of the Peace* was published in 1919 and proved bleakly prophetic in its premonition of German vengeance; that very same year army veteran Adolf Hitler, frustrated by Germany's defeat and enraged by the unjust impositions of the treaty, joined a new political organisation called the German Workers' Party. In time it would become the Nazi Party.

THE ROARING TWENTIES

After World War I a rapidly recovering economy gave way to mass consumption and media, but life for many behind the glitz was not as glamorous as it seemed

Words Frances White

The Roaring Twenties meant a lot of fun for a lot of people, but it would not last forever



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The years leading up to the 1920s were among the most challenging the United States and the world had ever seen. The embers of the fires of World War I were sizzling in the hearth, and a deadly influenza epidemic had ravaged the population further. Those who had been thankful just to survive were suddenly thrust into a period of immense political and social change. This rapid economic growth swept up much of the population in an age of consumerism and mass culture. People danced in jazz halls, wore short skirts and fought for their right to be free.

The period was one of such upheaval and change that across the world it has been dubbed a variety of names: in France the 'crazy years', in

Germany 'The golden twenties', and in the United States 'The Roaring Twenties'. Whatever it's called, it was a decade unlike any that the world had ever seen before.

The root cause of most of the splendour enjoyed during the Roaring Twenties can be traced back to the economy. The early 1920s saw most of the world changing from a wartime to a peacetime economy. The economy of World War I had been powered by weapons manufacture, which suddenly stopped when peace was declared. This led to an initial stall following the conflict, but within a few years the United States especially began to prosper, going from rationing to the richest nation on the planet. This change was achieved by deferred spending, a huge boom in construction and, most notably, a culture of consumerism driven by a growth of consumer goods.

As a result of the booming economy in North America, European countries were provided with loans from the prosperous nation and were able to climb out of their own floundering wartime debts. However it did take them longer, with most European economies not flourishing until approximately halfway through the decade.

So ultimately, it was the United States that had to lead the way. Returning soldiers from war provided much-needed workers, and factories that had been building ammunition turned to consumer goods. Mass production allowed the middle class to purchase and enjoy technologies previously unaffordable to them. This encouraged a host of industries to grow rapidly and turn the United States into a thriving culture of consumerism, which then helped the economy grow further.

Several burgeoning industries fed into this culture, the most notable of which was the automobile industry. Previously cars had been a luxury item, available only to those earning the highest wages, but this was all changed by Henry Ford and his innovations in mass production and assembly lines. In 1908 his trademark car, the Model T, cost $850, but by 1924 it could be bought for just $260.

For the first time car ownership was a very real opportunity for those on an average wage. As more Model Ts were bought and sold on, people could buy a used one for as little as $5. This transformed America's roads, with one car for every five Americans. This was a huge benefit for other industries too, with glass, steel and rubber businesses all expanding to keep up with the high demand. Due to all the new cars being used, the construction of roads and highways became a top priority, and all the new roads helped new businesses to prosper, from motels and restaurants to service stations.

Another industry that experienced a huge increase in popularity was the radio. Radios

AZZING ORCHESTR
KING

The 1920s allowed white Americans to be easily exposed to popular African-American music for the first time

The surge in popularity of the automobile meant roads had to be rapidly developed to keep up with new demand

© Motoring Picture Library / Alamy

STARS OF THE 1920S

The faces and voices that defined a generation

COCO CHANEL

Fashion icon Chanel did away with the corsets and petticoats of the Victorian age and trailblazed a look that embodied the era – one of youth, confidence, feminine liberation and casual chic.

BABE RUTH

An artist on the baseball field, Babe Ruth catapulted to stardom, riding on the elation of his famous home runs to become the first ever modern celebrity sportsman.

GLORIA SWANSON

The most sought-after name in Hollywood, Swanson was a darling of the silent film era, and her exquisite sense of style transformed her into a fashion icon and the most photographed woman on the planet.

CHARLIE CHAPLIN

An icon to this day, actor and filmmaker Chaplin became a beloved public figure due to his hugely popular films combining both slapstick and pathos.

JOSEPHINE BAKER

Baker was regarded as the most famous woman in the world, trailblazing the path for African-American dancers, singers and actors across the world.

CHARLES LINDBERGH

Aviator Lindbergh's solo non-stop flight across the Atlantic Ocean broke records and garnered him fame and admiration across the world. The shy young man became a national hero overnight.

> **"THE US BEGAN TO PROSPER, GOING FROM RATIONING TO THE RICHEST NATION ON THE PLANET"**

Women found new freedom to earn their own money and spend it however they liked

© Granger Historical Picture Archive / Alamy

The Model T came to symbolise modernisation and the rise of the middle class

became the first mass broadcasting medium and provided revolutionary entertainment for listeners all across the country. The first commercial radio station in the US, KDKA in Pittsburgh, first went live in 1920, and by 1923 there were more than 500 stations in the United States alone.

Listening to the radio became as vital a form of entertainment as television is today, and by the end of the decade more than 12 million households had a radio in their home. Another important economic contribution made possible by the radio was mass marketing, in the form of radio advertisements. Companies could now sell their products on a national scale like never before, and create a mass culture that still dominates the developed world to this day.

The financial prosperity of the era put more money in people's pockets to spend on things that had been seen as unessential during the war, such as entertainment. One of the notable forms of entertainment that grew massively during the 1920s was cinema. With a ticket for a double feature and a live show costing just 25 cents, Americans flocked to the movie palaces that sprang up in major cities to compete with the increased demand. Most Americans would attend the movies more than once a week, making it a far more popular pastime in the 1920s than it is today. By the end of the decade, attendance swelled to a whopping 90 million people.

Today we take Hollywood as a given for filmmaking, but in the 1920s it had only recently become the centre of the film industry, with most production previously being based in New York. Hollywood was little more than a small village in 1910, but as film became more popular, and more filmmakers flocked there, the little village swelled with money and transformed into the mammoth of filmmaking it is today.

One of the major innovations in film by the end of the 1920s was the introduction of sound. *The Jazz Singer*, released in October 1927, was a huge hit, and the profits it turned convinced the industry that the age of silent film was a thing of the past, with it all but vanishing by the 1930s. In a relatively short time, the nation had gone from one entertained mainly by live Vaudeville performances, to one of mass consumption of colourful, talking pictures displayed on the big screen at a knock-down price.

Another sector that experienced a surprising boom during the era was the fledgling aviation industry. This was helped hugely by the 1927 solo transatlantic flight of Charles Lindbergh, while in the United Kingdom, Amy Johnson became the first woman to perform a solo flight from Britain to Australia. These legendary flights all helped to combat the skepticism that long-distance air travel had been dogged by since the Wright brothers, who declared that "no flying machine will ever fly from New York to Paris".

Lindbergh's plane, the Spirit of St Louis, became an icon of the nation's ability to conquer the air. His success prompted a spike in production and profits in the small airline industry, which bled into the 1930s with companies like Ford and Boeing designing planes specifically for passenger transport. The popularity of air travel continued to blossom, and by the end of the 1930s there were over 2 million US domestic air passengers, and much of this expansion can be attributed to the innovations of the 1920s.

The 1920s was a breakout decade for sports, too. Not only did people from all over the country flock to stadiums, it also saw the rise of the sports star in iconic sportsmen such as Babe Ruth. In the new style of sports journalism these men became akin to Greek heroes, and as their legendary status grew, so did the crowds. The accessibility of sports increased too, with children given opportunities to play sports that their parents would have never been able to, such as golf. This burgeoning love of sports spread across the planet, with Egyptian citizens inspired by the success of their soccer team, and Latin American athletes making waves with their participation in the Olympic Games.

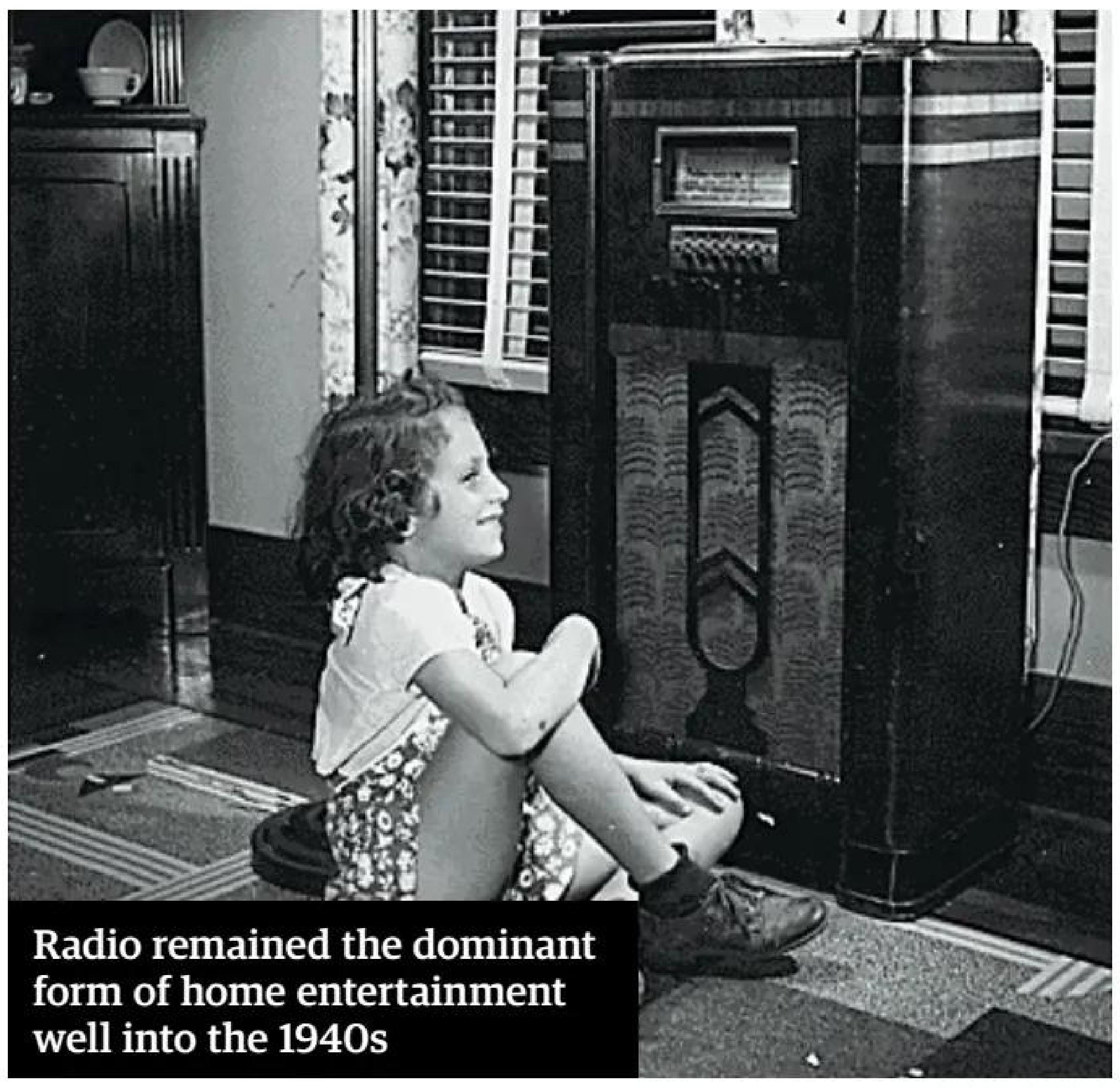
The technological developments of the era meant that music had a chance to thrive. For the first time phonograph recordings were created of musicians' work, and this had a huge impact on the jazz scene, which previously could only be heard in nightclubs or concerts, but now entered the intimacy of people's homes. Jazz found its roots in the Harlem Renaissance, where African-American music, art and literature flourished. Black jazz stars came to define what was known as the Jazz Age, such as Louis Armstrong and Duke Ellington. The speakeasies and clubs of Harlem became popular draws not only for the African-American population, but white Americans as well.

With cars giving young people the freedom to go where they pleased, the youth flocked to jazz clubs to dance the night away, with dance crazes sweeping the nation, including the Charleston, cake walk and flea hop. Clubs hosted competitions and musicals filled the cinemas. As with most popular crazes, there was criticism, with opposition against "Satan in the dance hall", but it did little to slow down the dance fever enveloping the country.

"THE FASHION OF THE 1920S WAS A SOCIAL STATEMENT FOR MANY OF THE WOMEN WHO WORE IT"

One of the social groups that benefited most from the 1920s was women. On the surface level, flapper girls wore short dresses and partied the night away, but more than a style choice, flappers represented what was a liberating and progressive time for women's rights across most of the developed world. The decade opened with the passage of the 19th Amendment, giving women the right to vote in the US. This large new voting intake prompted politicians to focus more on issues that were of particular concern to women, including public health, education and, especially, peace. While their parents lived by strict Victorian moral codes, the female youth of the 1920s desired more autonomy and to expand their horizons. Millions of women who would have previously been constrained to the home now worked white-collar jobs and could afford to take part in the expanding consumer culture with their own wages. Innovations like canned food, the vacuum and washing machines streamlined household work, and allowed women the free time to enjoy their own pursuits and entertainment. Higher education opportunities also opened up to women, challenging the notion that a person's ability and social role was defined by biology.

The new woman lived by a slogan 'anything goes.' They did away with chaperones and immersed themselves in dancing, drinking, smoking and voting. Flappers partied, cut their hair and wore makeup (which previously had not been popular due to its associations with prostitution). The driving factor was to separate themselves from the constricting corsets and expectations of the Victorian age, and this also manifested in their clothing. The fashion of the 1920s was a social statement for many of the women who wore it. With Paris pumping out pioneering fashion trends, women donned slinky knee-length dresses with dropped waists and belts. This idea of the new woman did not exist only in America, but in Germany too – the 'Neue Frauen' filled the pages


Radio remained the dominant form of home entertainment well into the 1940s

Spectators flocked to stadiums to watch their favourite sport stars compete

© Everett Collection Historical / Alamy

Young women embraced the new opportunities to do what they liked

© Science History Images / Alamy

For some women, the age of the chaperone was over and they were free to go and do as they pleased

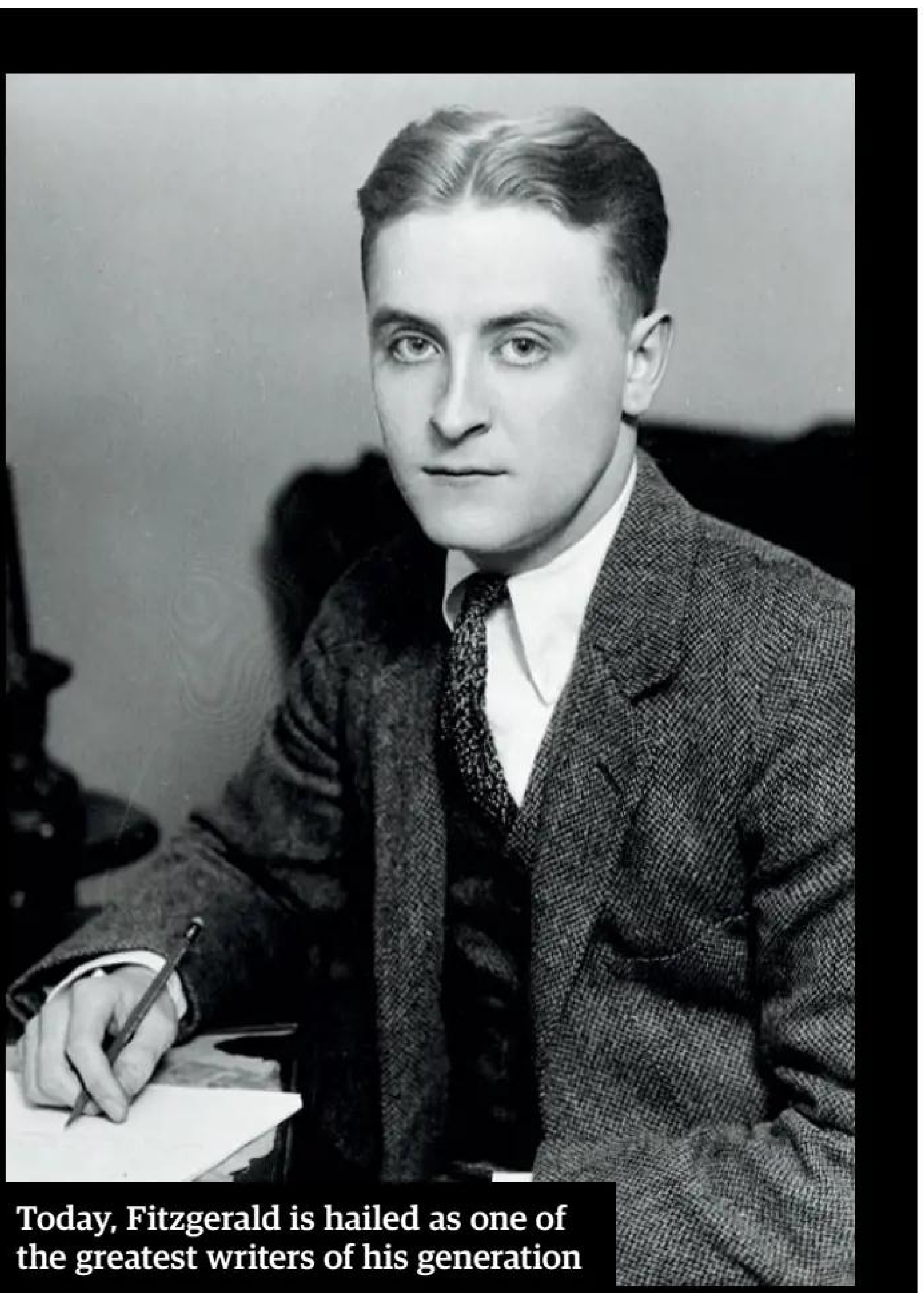
FITZGERALD AND THE LOST GENERATION

For some, the glamour and glitz of the 1920s was only skin deep

It is almost impossible to talk about the 1920s and the Jazz Age without discussion of F Scott Fitzgerald and his seminal novel, *The Great Gatsby*. For many, Fitzgerald and his work sum up the entire era.

The son of an alcoholic father and ambitious mother, Fitzgerald struggled with the sting of not quite being able to enter the 'social elite'. As the era got into full swing, he seemed to encapsulate everything good about it – he moved to Paris with his beautiful flapper wife and began a lavish lifestyle of wine, dancing and parties. However, in reality, Fitzgerald was struggling to make enough money to support this life of luxury, with *The Great Gatsby* failing to generate any real income until after his death.

Fitzgerald is today regarded as perhaps the most famous member of the 'Lost Generation' – the generation that grew up during World War I but found themselves disillusioned, lost and aimless during the post-war decades. Their work, including Fitzgerald's, often comments on the frivolous lifestyles of the rich and famous during the 1920s, and that behind the glitz and glamour and apparent opportunity, there was an inherent emotional emptiness and lack of personal fulfilment for those who took part in it.



Today, Fitzgerald is hailed as one of the greatest writers of his generation

© Niday Picture Library / Alamy

of glossy magazines: a financially independent woman who kept up to date with all the latest fashion and technology. These new women developed a reputation for being giddy, high-spirited and reckless in pursuing personal thrills.

While the image of the liberated flapper girl is an appealing one, in reality this applied only to a very small percentage of women. Although many wore the popular clothes, most were either still housewives, or worked in poorly paid jobs as cleaners or waitresses. There were pioneering women who paved the way for greater freedom for their gender, but in general, public reaction to flappers was negative. People generally did not approve of the sexual freedom and consumer ethos flaunted by these new women. Many states tried to pass legislation to restrict what women could wear in public – including form-fitting outfits, any dress that revealed the throat, and guidelines concerning the length of women's skirts. Even women's rights activists criticised flappers, proclaiming that they had taken their sexual freedom and licentiousness to the extreme. As a result of this backlash, there was a common belief that 'good' women were those who opposed what the flappers stood for – the sort of woman who, more than anything, wanted to marry, have children, become a housewife and use her money purely to benefit her family.

One of the more surprising benefactors of the social change of the decade was homosexuals. In the 1920s homosexuality became much more visible, and though still not fully accepted, it was far more so than it had been previously. New York, Rome, London, Berlin and Paris were all at the forefront for LGBT rights. Some radical publications even claimed that homosexuality was the natural progression of the male bonding and close relationships young men experienced with each other during World War I. Although the common form gay rights that questioned the 'melding' of the sexes were viewed with humour, the fact that they were being discussed at all was a development. It is indicative of the era that William Haines, one of the most popular actors at the time, was in an openly gay relationship. And he wasn't the only one; the 1920s had a host of beloved popular actors and actresses who were openly gay. Unfortunately, this relatively liberal atmosphere wasn't to last and instead recessed in the conservative 1930s, when gay actors were forced to either retire or hide their true nature from the world.

The image of the 1920s is often one of fun, drinking and sexual freedom, and although this was true for some people, it very much was not for everyone. The strides in technology had huge impacts on the American farm, with machinery decreasing the demand for manual labourers, food prices dropping along with profits, and the small-time farmer unable to keep up with the cost of new equipment. This caused many farmers to abandon their trade and move to the city, and 1920 was the first time in American history more people were living in cities than in rural areas.

The prosperity enjoyed by the rich and upper-middle classes did not extend to their working-class counterparts. More than 40 per cent of Americans lived below the poverty line. The Great Migration of African-Americans from southern farms to northern cities, combined with the greater visibility of black culture as a result of the Harlem Renaissance, saw a sharp spike in racism. Millions of white Americans joined the Ku Klux Klan, which, to them, embraced the pure American values that were being forgotten by the city-slickers. Anti-immigrant rhetoric was rampant, and led to the National Origins Act of 1924, which put restrictions on some people, such as Asians and Eastern Europeans, from entering the country.

Although the Roaring Twenties was an era of great social change, technological leaps forward and blossoming cultural progression, it also was a decade of two halves. Poor and rich, city-dwellers and rural, blacks and whites, new women and traditional women. While people danced the night away in nightclubs and speakeasies, beneath the surface various divides were splitting the nation in two. What none of these groups could predict, however, was how the world they knew would come crashing down around them when the 1930s and the Great Depression came calling.

DRIVE TO RIGHT

MEET THE FLAPPERS

Flappers were a new breed of women who flouted the 'expected' behaviours of their gender, cropping their hair short, wearing knee-length dresses and taking control of their own finances and their own lives.

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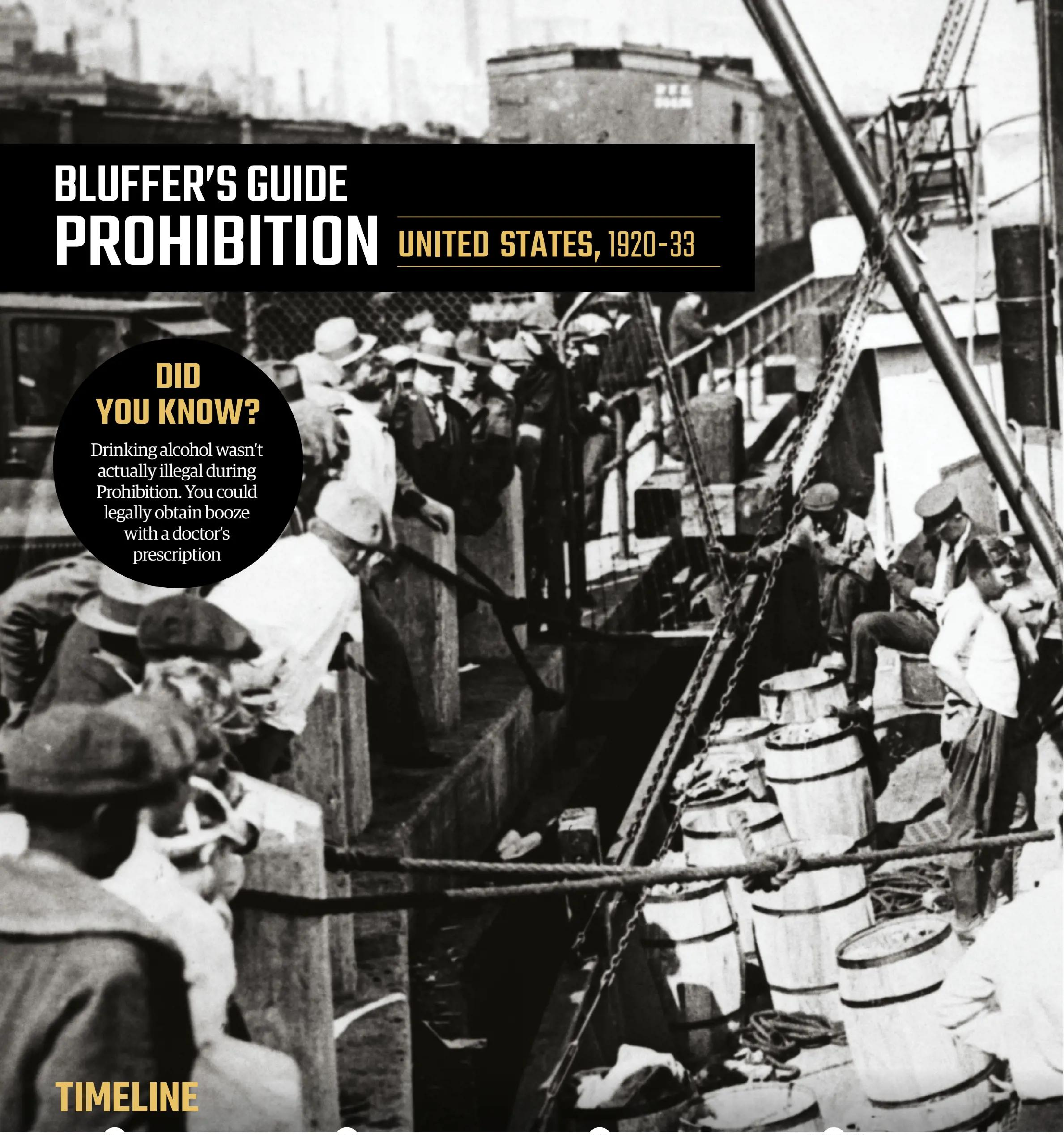
BLUFFER'S GUIDE

PROHIBITION

UNITED STATES, 1920-33

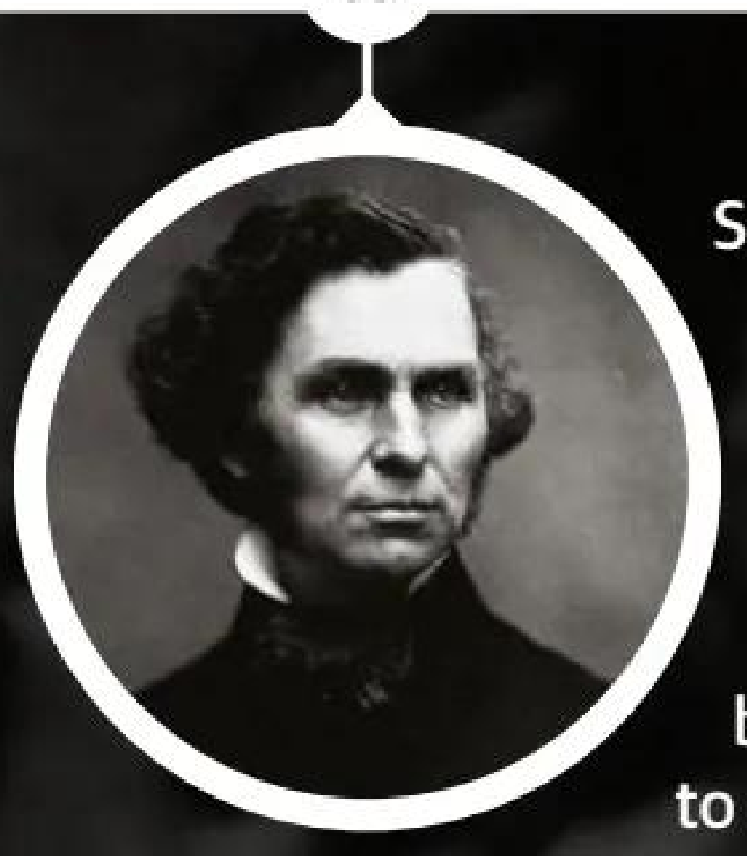


DID YOU KNOW?

Drinking alcohol wasn't actually illegal during Prohibition. You could legally obtain booze with a doctor's prescription

TIMELINE

1851



Spearheaded by mayor Neal Dow, the Maine Liquor Law is passed. This is the first state-wide law to ban alcohol prior to Prohibition.

1890

NATIONAL PROHIBITION CONVENTION

Following its formation in 1869, the National Prohibition Party elects its first member to the House Of Representatives, taking the first step towards Prohibition.

1893

Led by Wayne Bidwell Wheeler, the Anti-Saloon League is formed, becoming the single most organised temperance group in America.

28 OCTOBER 1919

Passing into law as the legislative vanguard of the 18th Amendment, the Volstead Act is created to enforce the key tenets of Prohibition in the US.

WHAT WAS IT?

Almost a decade before the Great Depression brought the Roaring Twenties to its knees, another movement attempted to manhandle the country into an enforced temperance before it had barely begun. Prohibition – which entered the United States constitution with the ratification of the 18th Amendment in 1920 – made the production, transportation and sale of alcohol a crime.

It transformed bars and clubs into 'speakeasies' (establishments where citizens could come and imbibe a glass illegal tipple in secret) and turned small-time gangsters and criminals into tycoons as the procurement and sale of booze became the most lucrative commodity of the underground economy.

It ran for over a decade and helped contribute to the financial irresponsibility that ultimately led to the Wall Street Crash in 1929 and the Great Depression that followed. It wouldn't be until the ratification of the 21st Amendment in December 1933 that the country would finally remove the ban and reap the benefits of reintroducing alcohol sales into a still-crippled economy.

WHY DID IT HAPPEN?

While Prohibition would become a significant period of history for the United States in the 20th century, the origins of the movement can be found almost 100 years prior. During the 1820s and 1830s – over half a century after America's successful War for Independence – a wave of religious revivalism was sweeping the nation. Along with a growing opposition to slavery, these 'perfectionist' groups deemed alcohol a demonic influence that would ultimately lead all men to sin.

The temperance movement continued to grow, and it spread along with the expansion of territory that created the Frontier. Saloons became a key staple of the Wild West and by the turn of the century, the anti-alcohol crusade turned into a nationwide attempt to forcibly prevent the sale of booze. By 1906, attacks on the sale of liquor by the Anti-Saloon League were commonplace, but it would be the support of figures of industry and certain political figures that would ultimately lead to the 18th Amendment.

WHO WAS INVOLVED?

Neal Dow

20 March 1804 – 2 October 1897

As the mayor of Maine (the first state to enforce anti-alcohol laws), Dow became known as the 'Napoleon of Temperance'.

Carry Nation

25 November 1846 – 9 June 1911

In the fight for Prohibition, Nation led hundreds of men and women in brutal attacks on saloons and bars.

Wayne Bidwell Wheeler

10 November 1869 – 5 September 1927

A shrewd politician and lawyer, Wheeler masterminded the Anti-Saloon League and was key in bringing Prohibition into effect.

5 OCTOBER 1931

With the trial and imprisonment of the notorious gangster Al Capone, alcohol bootlegging sees its most prolific and high-profile mobster removed from power.

5 DECEMBER 1933

Following much debate in the Senate, the 21st Amendment is passed, removing the staples of the 18th Amendment and re-establishing the legality of alcohol sales in the process.

© ClassicStock / Alamy

Playwright Noël Coward was a frequent customer of the fashionable speakeasy known as the Marlborough House on New York's East Side

© Getty / Margaret Bourke-White

THE SPEAKEASY PHENOMENON

The clandestine speakeasies, where illegal alcohol flowed freely, owed their existence to Prohibition and became an iconic element of the Roaring Twenties

Words Michael Haskew

For all its grand and moral intent, the era of Prohibition failed to end the consumption of alcoholic beverages in America. Instead, wrapped in the success of the temperance movement's victory with the 18th Amendment was a recipe for disaster – even more virulent than a stout shot of whiskey.

Rather than wiping out demon liquor, Prohibition drove drinking underground and ushered in a reign of mayhem and racketeering, steered largely by the kingpins of organised crime. Among the offspring of Prohibition were the appalling criminal activities of extortion and murder, corruption of public officials and law enforcement officers, and the undercurrent of a black market in liquor that thrived just out of sight. Perhaps the most influential child of Prohibition was the speakeasy, the clandestine bar or goodtime house, born of the era when the manufacture, transport and sale of alcohol were forbidden by law.

The birth of the speakeasy was inevitable. The allure of the secretive nightclub, its illicit offerings, and the atmosphere of glamour it engendered were irresistible. Arguably, the consumption of alcohol increased rather than diminished during Prohibition, and the heyday of the speakeasy was largely responsible for this startling unintended consequence. The speakeasy, often operating as a secret adjunct to a legitimate storefront restaurant, grocery store or other business, evoked a spirit of adventure and participation in an activity that the patron could not reconcile as being against the law. Prior to the establishment of Prohibition as the law of the land in the United States, having a drink was considered by many as just good adult-oriented fun, a socially acceptable activity.

The term 'speakeasy' was popularised in reference to the drinking and entertainment establishments that sprouted across the country when formerly highly visible bars and nightclubs were shut down. Various theories as to the origin of the term itself include old-time references to bars where patrons were encouraged to maintain decorum and 'speak easily' to avoid confrontations with one another or the authorities.

Others assert that it was derived from the mysterious and cautious management of the illegal bars that urged secrecy to protect their franchises. Still another suggestion is that the term speakeasy came into common usage with the whisper of a password to gain entry through a hidden or locked door – the uttering of something as simple and familiar as "Joe sent me," might assure the bouncer that the party was interested in a good time instead of making arrests.

The speakeasy, also referred to as a 'blind pig', a 'blind tiger', or simply a 'gin joint', helped usher in a transformation of the American social experience. Clouds of smoke wafted towards the ceiling in low light, while jazz artists and dancers performed, sometimes invitingly close to those being entertained. The wealthy and well-known mingled with the ordinary citizen, the flapper with the businessman and the wage earner. Colour barriers were diminished as both whites and blacks drank, chatted, danced and even romanced. The main draw for the speakeasy, though, was the liquor, and it flowed freely, more freely than ever before in American history.

The speakeasies in major cities became focal points of evening entertainment and diversion, and at their peak in New York the city was said to be home to as many as 100,000 such secret establishments. That number was rivalled in Chicago, and the illegal bars also flourished in Los Angeles, San Francisco, Boston and Miami. Prohibition had opened the door for organised crime to exploit a new and free-flowing revenue stream, and though some entrepreneurial individuals opened their own drinking establishments in basements, garages and back rooms, the majority of the speakeasies were operated by the mob. In Chicago, for example, Al Capone controlled up to 20,000 such establishments and made millions during the 1920s, dominating the flow of bootleg liquor into the city and its distribution to an extensive, thirsting speakeasy clientele.

In New York, Charles 'Lucky' Luciano was raking in $12 million annually by 1925 and clearing one-third of that sum after paying off police officers and public officials and covering the purchase of vast quantities of bootleg liquor imported from around the world. Luciano and his cohorts ran the largest bootlegging operation on the US East Coast, dominating black market alcohol commerce in New York, Philadelphia and across the state of New Jersey. He brought in whiskey from Canada, rum from the Caribbean, and expensive champagne and wines from Italy and France.

At times, the effort of law enforcement to shut down the speakeasies seemed to be an effort in futility – like battling the mythical hydra. While one speakeasy was raided, its liquor confiscated and destroyed and its proprietor jailed, three more sprang up to take its place. When these were identified and shuttered, the original was back in operation under the same recently released management. Officials in New Jersey actually claimed that after Prohibition took effect there were ten times as many illegal drinking establishments in the state as in pre-Prohibition days. In Boston, four speakeasies operated with impunity on the same street as the city's police headquarters.

To avoid detection, the owners of speakeasies went to great lengths to conceal their operations. Trap doors, back-alley entrances, heavy curtains, hidden staircases and switches that turned shelves around were just a few of the inventive methods employed to avoid the long arm of the law. One

Business goes on as usual in this speakeasy where bartenders wear neat white tunics and mix the drinks of the day

© Getty / Margaret Bourke-White

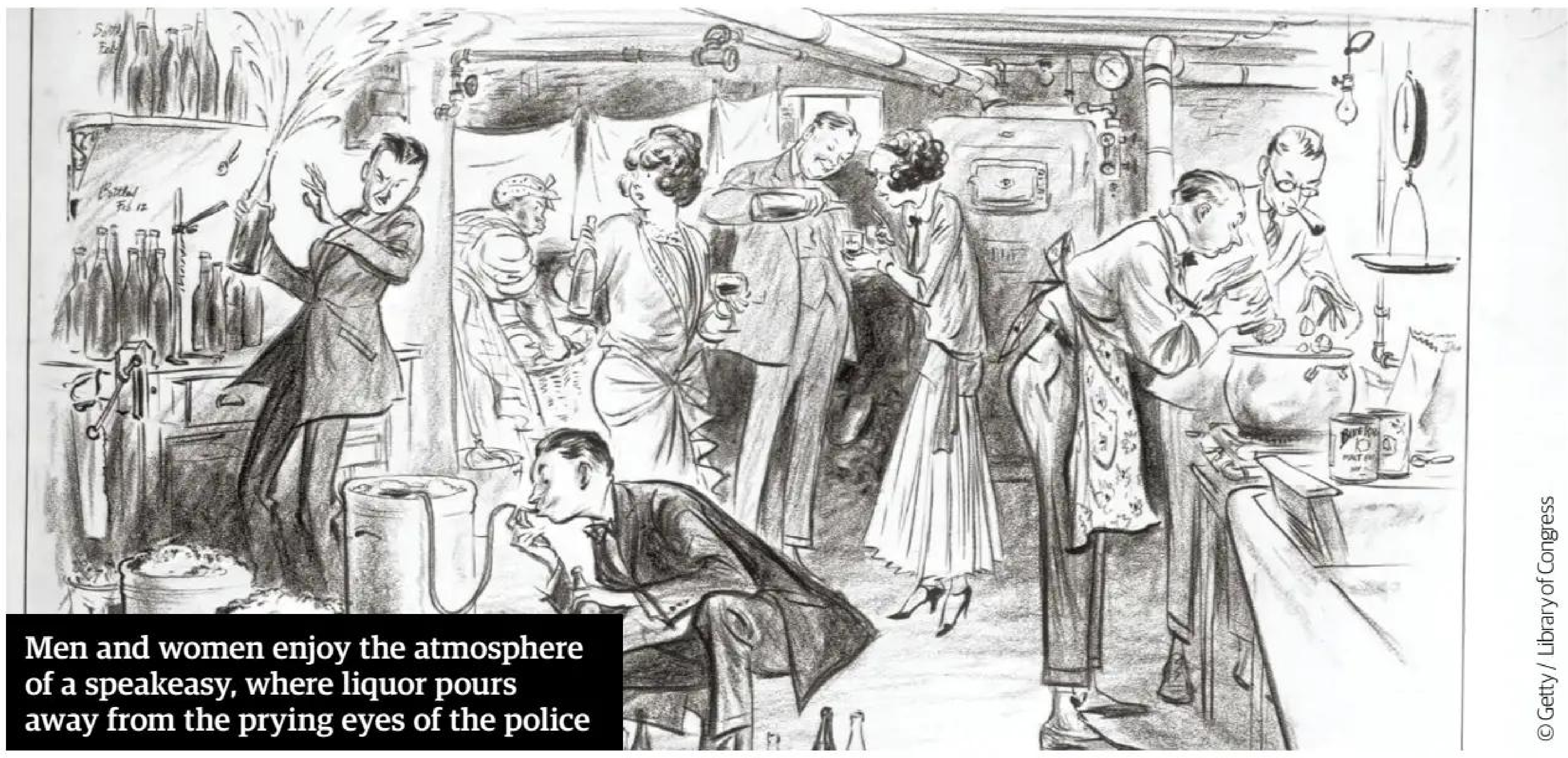
Duke Ellington and his orchestra pose in Chicago. The group was also a fixture at New York's Cotton Club

© Getty / PhotoQuest

So many speakeasies opened in New York that it was sometimes referred to as the 'City on a Still'

A youthful Ella Fitzgerald wowed speakeasy audiences with her rich, soulful voice during the Prohibition era

© Getty / Gilles Petard


Men and women enjoy the atmosphere of a speakeasy, where liquor pours away from the prying eyes of the police

© Getty / Library of Congress

of Capone's favourite Chicago haunts, the Green Mill was built with a secret passage that allowed customers to quietly slip away if police officers came nosing around.

In New York's 21 Club, a secret cellar safely held up to 2,000 bottles of bootleg liquor, while bottles could be thrown down invisible chutes, the doors were obscured, and the bartender could press a button that would flip a revolving bar shelf around. Another button dropped liquor bottles from a shelf straight down a chute into a cellar equipped with a drain. Speakeasies advertised surreptitiously through word of mouth, and as risks of discovery increased passwords used to gain entry might be supplemented by a secret knock or even a membership card. The Stork Club on East 51st Street in New York did, in fact, issue such cards to regular clients, and holding one of these earned the bearer a measure of prestige.

In some instances, the liquor purchase was a quick, straightforward transaction. A patron walked up to a heavy door with a pair of slits cut into it. Placing his order, he slipped payment into a tray under the watchful eye of the unknown bartender on the other side. In a moment, the drink was sent back through in the tray and both slits were closed. Other venues, known as clip joints, were disreputable establishments that took advantage

© Getty / Underwood And Underwood

A pair of federal agents are shown before and after donning disguises, in order to infiltrate a speakeasy to make arrests

THE ART OF MIXOLOGY

Speakeasy customers decried the poor taste of bathtub gin or watered down industrial alcohol. Making use of available supplies, creative bartenders combined the liquor with sugar, fruit juice, soft drinks or cream to invent palatable mixed drinks that remain popular today

BRANDY ALEXANDER

A blend of cream, cognac, and crème de cacao, the Brandy Alexander is a classic that appeared in *The Savoy Cocktail Book*, written by bartender Harry Craddock, who went to London in 1920 and returned a decade later to blend European and American recipes into a number of memorable drinks.

AVIATION

Bartender Hugo Ensslin created the Aviation at Hotel Wallick in New York early in the 20th century, and it appeared in his 1916 book *Recipes for Mixed Drinks*. As Prohibition came along, Harry Craddock altered the recipe of gin, lemon juice, maraschino liqueur and crème de violette, omitting the last, scarce, ingredient.

MARTINI

Although its origin predates Prohibition, variations on the classic Martini made it a distinctly American drink during the period. The Martini consists primarily of London dry gin, dry vermouth and optional bitters strained into a chilled cocktail glass. A dirty Martini contains a splash of olive juice or brine.

VANILLA MILK PUNCH

On the eve of Prohibition, *Thrift* magazine published numerous mixed-drink recipes as a service to its readers – but the alcohol was conspicuously absent from each one. Vanilla Milk Punch had vanilla extract, sugar, an egg, milk, nutmeg and, oh yes, bourbon, brandy or rum – shaken well with ice and strained.

© Getty / Sasha / Stringer

LEAP YEAR

Another of Harry Craddock's Prohibition-era creations was the Leap Year cocktail. Craddock brought together two ounces of gin, a dash of lemon juice, half ounces of sweet vermouth and grand marnier, and then shook them well with ice, straining the mixture into a glass.

of unwitting customers, luring them inside with the promise of pretty girls and tasty drinks. Once the victim was inebriated sufficiently, he was often robbed, beaten and thrown into the street. However, these establishments were not indicative of the speakeasy mystique, the phenomenon that has come to characterise the era of Prohibition and the carefree, hedonistic and debauched lifestyle of the Roaring Twenties.

Public support for Prohibition was always lukewarm at best, and the post-World War I euphoria combined with greater social involvement and freedom for women who smoked openly, bobbed their hair and enjoyed new freedom of expression. The great migration brought African Americans to the cities of the North where they found jobs, and the rise of the 'Jazz Age', a phrase coined by the author F Scott Fitzgerald, launched legendary entertainment careers. Jazz singers and musicians found large, receptive and appreciative audiences and gained fame in these venues where 'speakeasy' was a term in sharp contrast to the loud, boisterous nightlife experience.

> Hollywood brought stories of organised crime to the silver screen and made cult figures of mafia bosses involved in bootletting

As speakeasy crowds grew, the demand for live entertainment grew as well, appealing to patrons while table service became more common as ladies often disliked sitting at bars. Food was transformed as well, and the modern concept of the restaurant matured with menu items and 'exotic' fare, such as Italian cuisine. At times, the available alcohol was of dubious quality, bathtub gin or rotgut industrial alcohol tainted with chemical additives that were watered down. To disguise their bad taste, these were mixed with fruit juices, soft drinks or other pleasant liquids, giving rise to a new generation of mixed drinks, many of which have become staple offerings in modern drinking establishments. Dating also came into vogue as young men and women socialised without the direct supervision of parents or other older adults. The speakeasy, therefore, influenced every aspect of American social life, reaching far beyond its closed doors and smoke-filled revelry rooms.

Decades after the wane of the speakeasy with the repeal of Prohibition in 1933, the legend of these venues lives on. Old photographs and tales of partying have conjured a wave of nostalgia, and

A potential customer eyes a sign written on a city street that points the way to illegal refreshment during the Prohibition era
THIS WAY TO
SPEAKEASY
© Getty / Hulton Deutsch

some of the clubs operate legitimately even today. The era of speakeasy society still fascinates.

In New York, the most famous speakeasies included the 21 Club on West 52nd Street, where actors and entertainers such as Frank Sinatra and Humphrey Bogart were frequent visitors, and author Ernest Hemingway was also known to frequent the establishment; Casa Blanca, where mob boss Larry Fay sold whiskey he had smuggled into the US from Canada and was gunned down by an angry doorman in 1932; and both the 300 Club and Club Intime, owned and operated by Texas Guinan, one of the most colourful figures of the shadowy speakeasy scene, who always insisted to law enforcement agents that she had brought her own liquor to the establishments rather than purchasing bootleg alcohol. Club Intime was located next door to the heavily trafficked Polly Adler brothel in midtown Manhattan. The famed Stork Club on West 58th Street was owned by bootlegger Sherman Billingsley, and writers Robert Benchley and Dorothy Parker frequented the Puncheon Club on West 49th Street.

At Chumley's, which opened its secret doors in the West Village in 1922, prominent literary figures of the day congregated, including Hemingway, Fitzgerald, Willa Cather, Norman Mailer, John Steinbeck, Edna St Vincent Millay and EE Cummings. Chumley's personnel originated the term '86' that has become synonymous in restaurants and bars with cancelling an order. When the joint was about to be raided, the shout of "86!" signalled customers to quickly exit through the secret door at 86 Bedford Street. The Landmark Tavern, originally an Irish saloon, was opened as a

THE SPEAKEASY LINGO

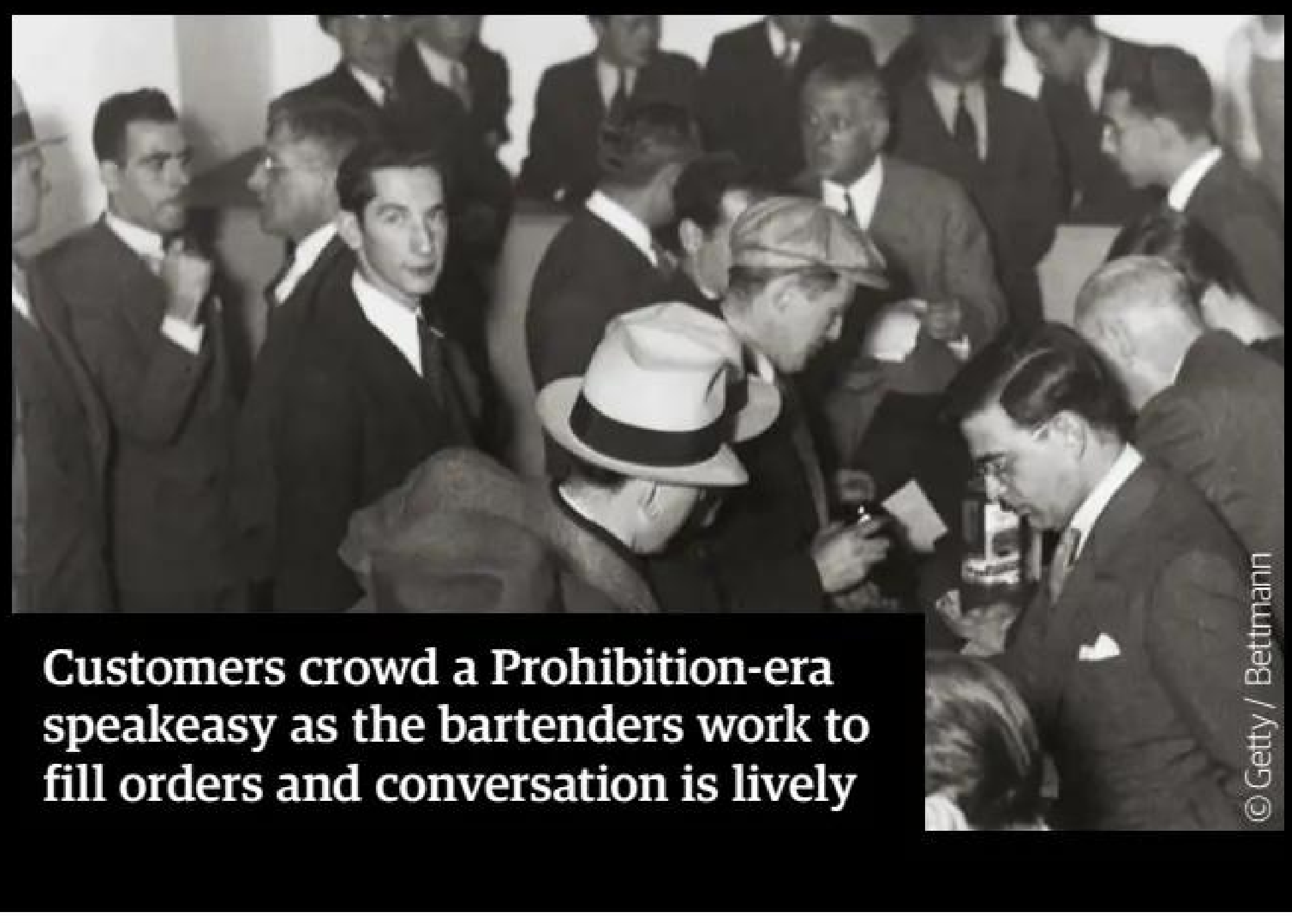
Always in the shadows, the culture of the speakeasy developed its own language and code words while the establishments stayed hidden

When the speakeasy rose to prominence during Prohibition, a language all its own sprang up. Those who patronised the speakeasy called the main attraction anything but liquor – they referred to it as tarantula juice, panther sweat, coffin varnish and hooch. Those who took advantage when free drinks were offered were called 'cellar smellers'.

And then there was the danger associated with drinking illicit alcohol, either made in unsafe conditions or with poisonous ingredients. One example of an alcohol-induced malady was the 'jake walk' or 'jake foot', describing a debilitating side effect of doctored Jake, a medicine with high alcohol content and Jamaican ginger.

When the authorities wanted the ginger content elevated to prevent the medicine from being over-prescribed, bootleggers also added a plasticiser, tricresyl phosphate, which is a powerful neurotoxin, to keep it drinkable. But the result was devastating to thousands of those who indulged – they developed the strange gait and sometimes even became permanently paralysed. Singer Asa Martin crooned about *Jake Walk Papa*.

Speakeasy slang began to creep into everyday use, and soon people were frequently using 'skid row' to define an area where habitual drunkards lay about, rather than its original meaning from the logging trade where timber slid into the harbours of the Pacific Northwest. Other slang terms referred to every element of a night on the town, when revellers got all 'dolled up' in their 'glad rags' to have a 'scronch' and 'beat their gums', spending all their 'mazuma' – in other words, dressing well, heading to a speakeasy for a few drinks and a dance, and socialising until all their money was gone!


Customers crowd a Prohibition-era speakeasy as the bartenders work to fill orders and conversation is lively
© Getty / Bettmann

QUEEN OF THE NIGHT CLUBS

Texas Guinan was a well-known speakeasy proprietor during the Prohibition era in New York City

Mary Louise Cecilia Guinan was better known as 'Texas', since she hailed from the city of Waco in the southwestern state. Born in 1884, she worked as a female lead in numerous silent films, particularly Westerns as she portrayed gun-toting and horseback-riding cowgirls in more than 30 productions.

Actress and speakeasy owner Texas Guinan relaxes in 1933, the year of her untimely death just before the end of Prohibition

© Getty / Imagno

She was lured to New York following an introduction to mobster Larry Fay and began working as a hostess at his El Fey club. She then went on to gain a reputation as an entertainer in her own right, engaging customers in lively conversation and greeting them with her familiar "Hello suckers!"

Guinan opened her own speakeasies after leaving Fay, and when law enforcement officers arrested her in 1927 she claimed she was only the hostess at her 300 Club. The jury found her innocent of violating the Volstead Act. Interestingly, she only drank coffee. Later, Texas took a stage show on the road and starred as Texas Malone, a character based on her own persona, in the movie *Queen of the Night Clubs*. In November 1933, while performing in Vancouver, Washington, she became seriously ill with ulcerative colitis. She died the next day during emergency surgery. 12,000 mourners attended her lavish funeral in New York.

family business in 1868, the establishment on the first floor of the building and the living quarters on the second and third floors. When Prohibition arrived, the family moved its living space to the first and second floors, while the bar was relocated to a speakeasy on the third. Through 13 years of Prohibition, it was never raided by police. Uncharacteristically, the Nepenthe Club catered to men only, accommodating crowds of up to 80, and was reputed to serve the best food in New York.

Perhaps the most enduring legacy of the speakeasy, the Jazz Age, and legendary entertainment belongs to the Cotton Club, a glittering mecca in Harlem. Themed as a merry cotton plantation, it was frequented by white patrons, while most of its servers and staff were black. Crime boss Owney Madden ran the club, which featured such entertainment luminaries as Duke Ellington and his orchestra, long the establishment's house band, Ella Fitzgerald, Cab Calloway, Count Basie and Lena Horne.

Contending for preeminence in entertainment, Connie's Inn hosted some of the best known jazz entertainers of the Roaring Twenties, including legends such as Louis Armstrong and Fats Waller. Also located in Harlem, Connie's Inn was owned by Conrad Immerman and his brothers, George and Louie, who had emigrated from Latvia and ran a delicatessen along with a thriving bootlegging operation. Patrons of these competing clubs and others danced the Lindy Hop, the Foxtrot and Charleston, and they drank… and drank.

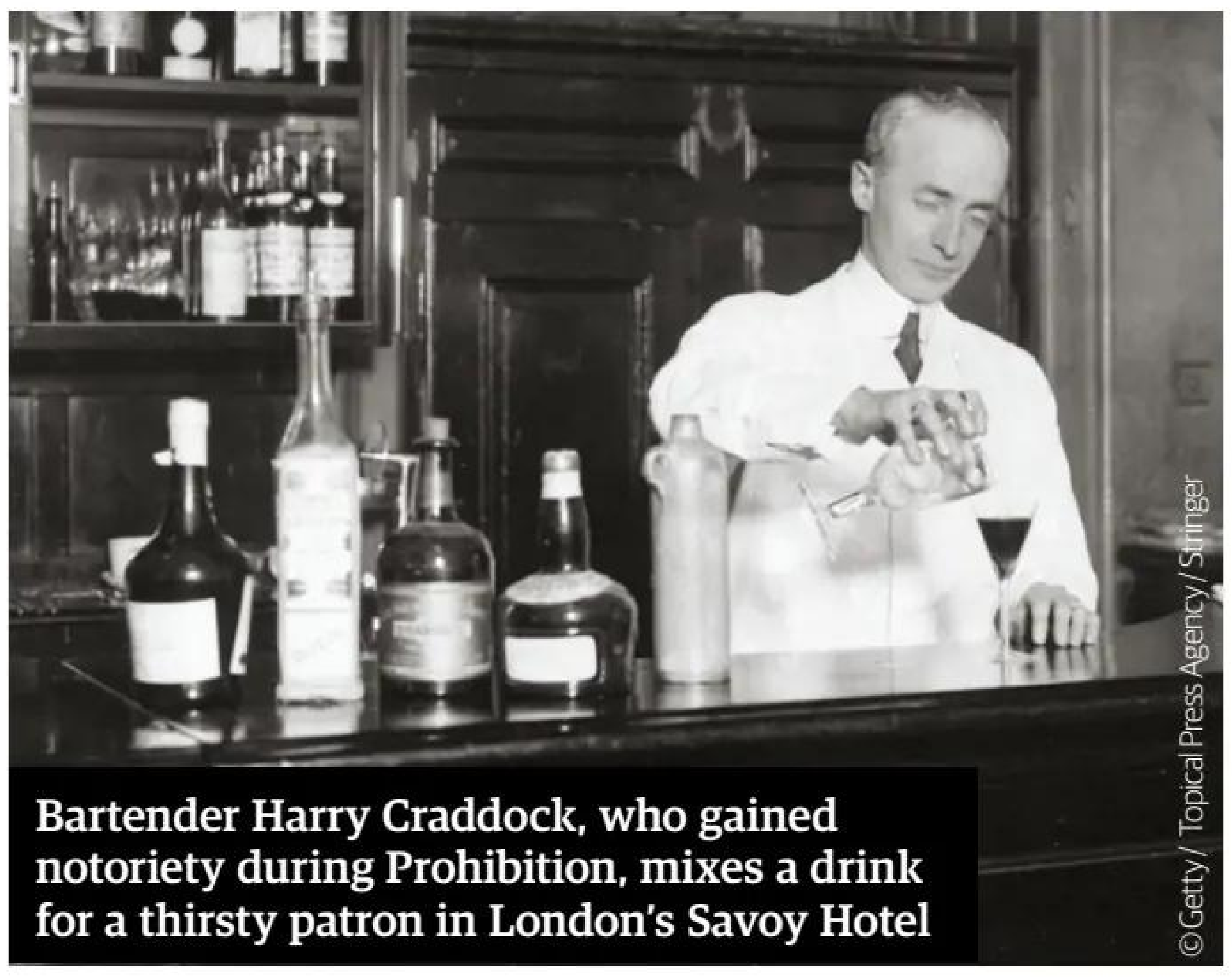
At another Cotton Club, one of Chicago's finest speakeasies located in the suburb of Cicero, jazz greats performed to packed houses, and the enterprise was run by Al Capone's brother, Ralph. Even Chicago mayor Jim 'Big Bill' Thompson was a patron. Armstrong recorded a drinking song called Knockin' a Jug, and Bessie Smith sang the line "Any bootlegger sure is a pal of mine" on her hit titled 'Me and My Gin'.

When the Wall Street stock market crash struck like lightning on 29 October 1929, the carefree days of the speakeasy quickly began to wane. In a cruel twist of irony, their own numbers worked against them, and disposable income plummeted, causing many of the establishments to close their doors voluntarily, something that law enforcement officers had never been able to accomplish despite their best efforts. Speakeasy owners quickly became targets for a wave of prosecutions on tax-evasion charges rather than bootlegging counts, and the need for government tax revenue and job creation contributed to the repeal of Prohibition in 1933.

Like Prohibition itself, the phenomenom of the speakeasy faded from the limelight, its memory an enduring aspect of a bygone era. Still, it played a dynamic role that transcended the base need for a stiff drink. It was the place where varied cultures flowed together and became an amalgamation of perspectives on life and living. In fact, in its own way, the speakeasy continues to influence the American experience.

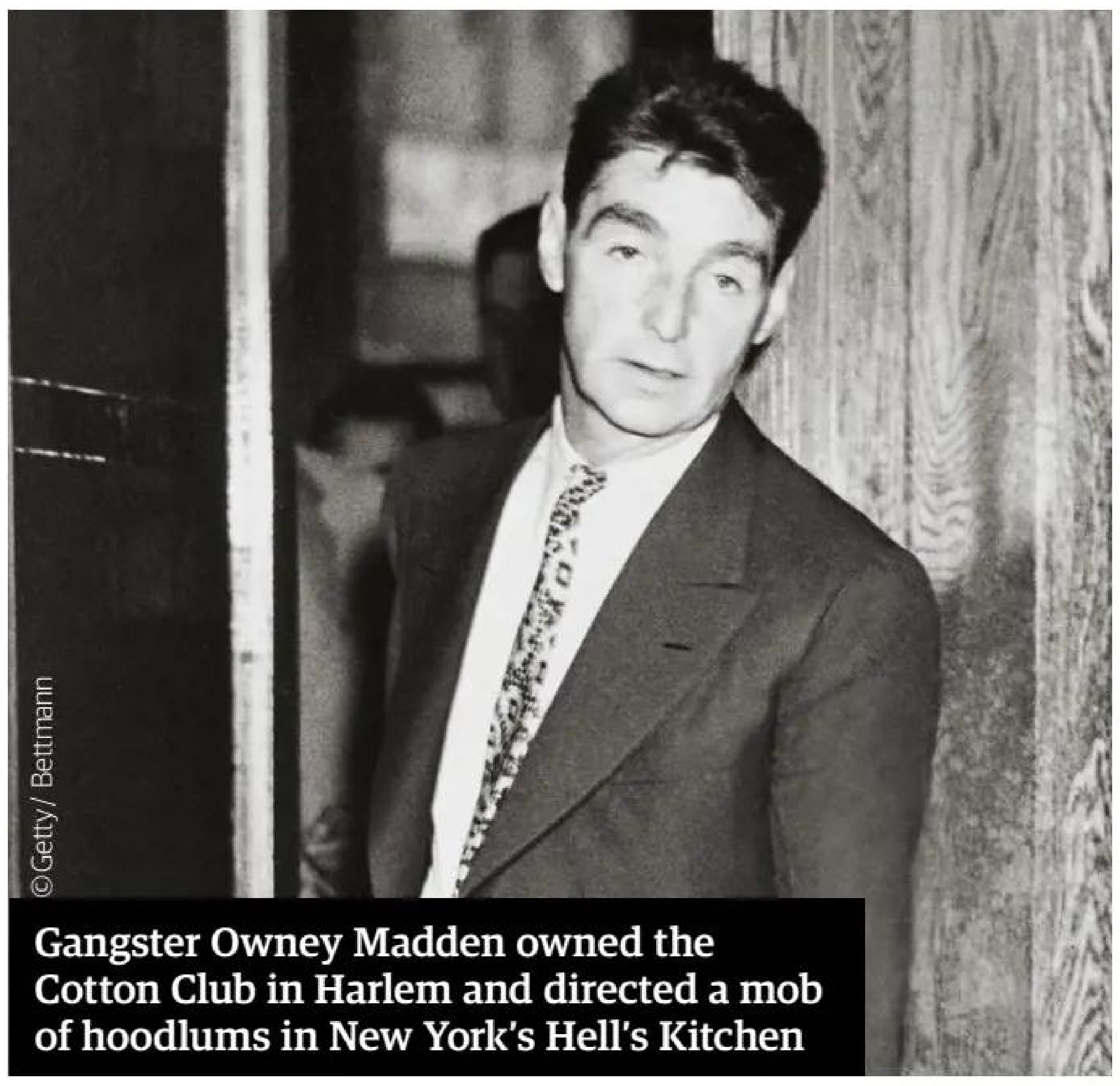
© Getty / Bettmann

Prohibition agents stand over a haul of booze that has been confiscated from a speakeasy



Bartender Harry Craddock, who gained notoriety during Prohibition, mixes a drink for a thirsty patron in London's Savoy Hotel

© Getty / Topical Press Agency / Stringer



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Gangster Owney Madden owned the Cotton Club in Harlem and directed a mob of hoodlums in New York's Hell's Kitchen

Male and female clients belly up to the bar for an alcoholic beverage in this speakeasy photo from 1930

© Getty / Keystone-France

HOLLYWOODLAND

Among Los Angeles' 45 sprawling new communities luring aspiring migrants from across the country was Mulholland Drive's Hollywoodland

© Getty / Underwood Archives

LOS ANGELES IN BLOOM

In the 1920s, the City of Angels came to fruition, a self-styled American Dream, luring a curious cast of characters from across the country

Words Hareth Al Bustani

By the turn of the 20th century, the Southern Californian gold and oil rushes had brought prospectors flocking to Los Angeles. It was a land of opportunity, a place that, in the early 1900s, the railroader Henry Huntington said would "become the most important city in the country, if not in the world". With the construction of the 235-mile Los Angeles Aqueduct, the once-barren city flourished, sprouting a series of industries across its landscape.

The ensuing mass-migration naturally preceded a construction boom, as entrepreneurs like Harry Culver developed sparkling new communities across the city, complete with their own churches, newspapers, shops and sidewalks. Though Los Angeles issued 6,000 new building permits in 1918, in just five years this exploded to 62,548 permits for $200-million-worth of building projects. Real estate magnates began to play a crucial role in society, presiding over baby beauty contests, boxcar races and marathons.

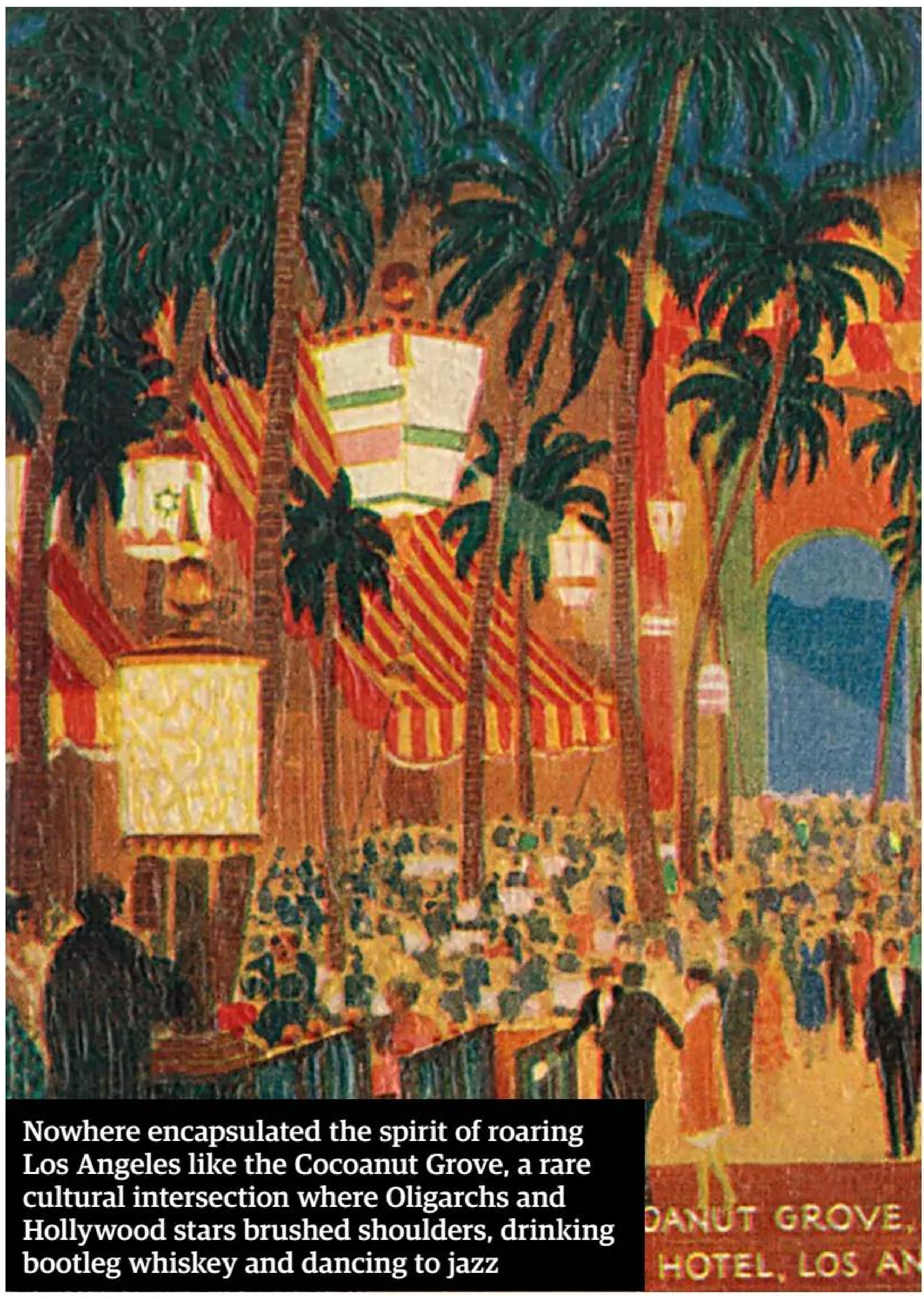
While almost 90 per cent of New York residents rented their properties, by the end of the 1920s, one-third of California's nearly 400,000 homes were owner-occupied. At new communities like Girard in the San Fernando Valley, buses hauled prospective buyers to movie set-style villages, held up by braces. There, salesmen lined up to take them for lunch, touring the area before finally marching them to a closing booth. Homes often came fully furnished, complete with cuckoo clocks, Victrola record players, pictures on the walls and a Ford on the driveway; the American dream, all for a down payment of $500 and $80 a month, on a seven per cent compounded semi-annual payment plan.

The early 1920s coincided with a second oil boom, with black gold unearthed by the Standard Oil Company at Huntington Beach. At Signal Hill, where Shell discovered an enormous oil field 20 miles south of the city, hundreds of derricks pumped out 244,000 barrels a day. Suddenly, *Encyclopedia Americana* buyers who had received small, novelty plots of land for free when they purchased an 18-volume, $126 set of leather-bound books found themselves wealthy, as non-union workers flocked to their plots, tailed by bootleggers and prostitutes.

Amid the excitement, promoter Chauncey C Julian formed the Julian Petroleum Corporation, raising $11 million in just four months from 40,000 investors, and promising to pay $30 on the dollar once oil proceeds came in, but he juggled his books. After selling the company to a pair of equally corrupt investors, SC Lewis and Jake Berman, who raised a further $40 million for worthless oil stock, Julian fled to Oklahoma, and then Shanghai, where he committed suicide in 1934.

Now producing around 230 million barrels of crude oil and 300 billion cubic feet of natural gas each year, Los Angeles' oil boom did have the very real effect of doubling traffic in the Panama Canal. The Port of Los Angeles had its wharf space doubled and main channel widened to 1,000 feet.

The city proper was still an inland one, its 45 communities spread over a 35-mile radius, and it was expanding at an alarming rate, with six banks and a stock exchange coming up in 1921, 22 downtown office buildings in 1924, and $87-



Nowhere encapsulated the spirit of roaring Los Angeles like the Cocoanut Grove, a rare cultural intersection where Oligarchs and Hollywood stars brushed shoulders, drinking bootleg whiskey and dancing to jazz

> **"DURING THE SECOND OIL BOOM IN THE 1920s, *ENCYCLOPEDIA AMERICANA* BUYERS WHO HAD RECEIVED SMALL, NOVELTY PLOTS OF LAND FOR FREE WERE SUDDENLY WEALTHY"**

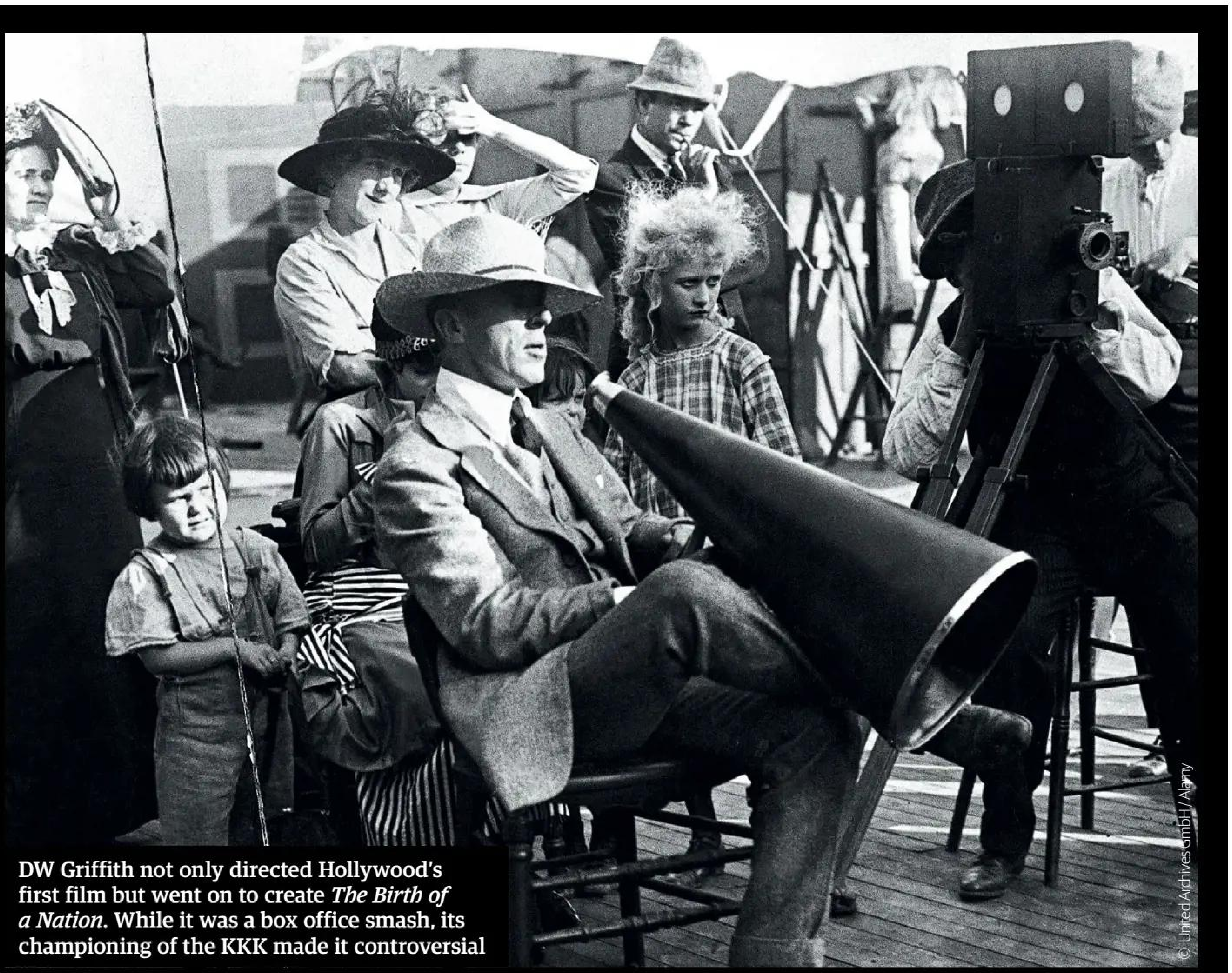
THE BIRTH OF HOLLYWOOD

In just a decade, what began with a few directors blossomed into one of the world's largest industries

In 1910, New York-based director DW Griffith took a troupe of Biograph Company actors to shoot a short silent film called *Ramona* in San Gabriel, Los Angeles. That same year, he made another film called *In Old California*, the first ever shot in Hollywood. Simultaneously, William 'Bronco Billy' Anderson filmed a Western in Santa Barbara's Mission Canyon and San Marco Pass, which he edited in a boxcar.

With its varied landscape and grand architecture, Santa Barbara had 13 small production companies within a year. They were joined soon after by Chicago's American Film Manufacturing, who built the world's largest, most advanced film studio, the Flying A facility, complete with a permanent frontier Western town and a stable of 75 horses.

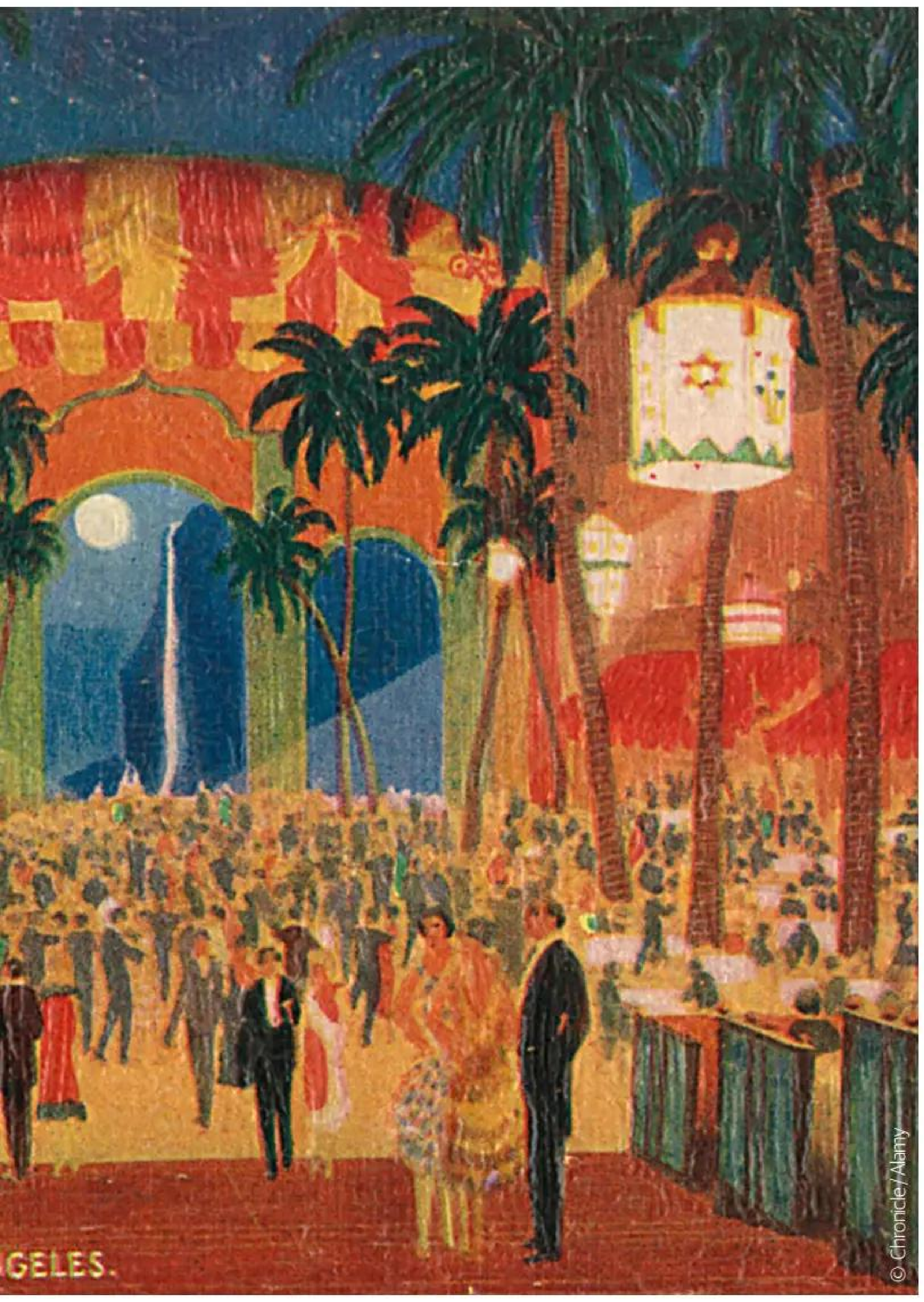
Santa Barbara residents watched as the industry grew around them, and were witness to shocking sights such as a runaway car hurtling down the street, crashing into a resident's limousine and sending dummies flying, and a stuntman jumping from a stagecoach, and dying after hitting his head on a rock.



DW Griffith not only directed Hollywood's first film but went on to create *The Birth of a Nation*. While it was a box office smash, its championing of the KKK made it controversial

© United Archives GmbH / Alamy

By 1918, having produced around 1,000 films, Flying A had outgrown Santa Barbara. Hollywood, however, showed no sign of slowing down, with Griffith's epic, $100,000 *The Birth of a Nation* raking in millions at the box office. American Film Manufacturing moved its studios to Hollywood, ushering in the era of the superstar, a time when actors like Charlie Chaplin and Mary Pickford became household names.



© Chronicle / Alamy

With the rise of beach clubs and country clubs, Los Angeles' aspirational class hurled themselves into new pursuits, from golf to surfing

© Alpha Historica / Alamy

million-worth of construction in 1925 alone. By 1927, Los Angeles boasted a car for every 3.2 people, which, despite creating some of the country's worst traffic, also fuelled the city's 8,000-worker tyre industry, the second largest in the world, sitting proudly beside $1 billion worth of industrial output.

By 1922, the emergent Hollywood had already become Los Angeles' largest industry, and the local payroll was $30 million a year, which doubled the following year. Incredibly, by 1926, 35,000 LA residents were earning £1.25 million a week from the film industry. Filmmakers had once been kept at arms' length, but, with the advent of sound in 1928, Hollywood was investing $247 million in the regional economy, and had become too ingrained in the fabric of Los Angeles to ignore – instead, it was celebrated with shrines and temples across the city. The architect Bernard Maybeck called Grauman's Metropolitan Theatre a new artform, "built for and dedicated to the American public, millions strong, who find in the colour and rhythm of gorgeous spectacles and syncopated music a satisfaction that is a national characteristic".

Every day, after hours spent star-spotting in Beverly Hills, tourists boarded ferries for the island resort of Santa Catalina, complete with on-board jazz bands. The island not only featured the $2 million Moorish-modern Catalina Casino (which, despite its name, hosted dances but no gambling – 'casino' is Italian for 'gathering place'), but a 7.5-acre aviary, resplendent with thousands of rare birds.

As Los Angeles grew into America's fifth largest city, its population exploded from 575,000 to almost 1.5 million. With 90 per cent of people of European descent, society was dominated by WASPs – or White Anglo-Saxon American Protestants – sub-divided into three main strata: the Oligarchs, Babbitts and Folks. The city's earliest Oligarchs, descended from two generations of real estate developers and bankers, were soon joined by the ranks of entrepreneurs, filmmakers and aviators. An influx of private schools raised expectations, introducing English-style uniforms, with the Marlborough School warning: "Don't talk about yourself or your family affairs. It is a sign of verdancy. Don't be inquisitive with either tongue or fingers. Curiosity is wholly vulgar and common."

The Babbitts, meanwhile, were the bourgeois newcomers; noisy, cheerful middlemen helping to roll out the boom. Writer Bruce Bliven described them as "the big, beaming man, with clipped military moustaches, whose golf is in the nineties, motor speed in the sixties, waistline in the forties, wife in the thirties, and sweetheart in the (early) twenties". As the fruits of their labour paid off, the Babbits climbed the social ladder, brushing shoulders with Oligarchs at the latest craze – the country club. Hypnotised by four-page newspaper advertisements, men and women alike took to golf, yachting and polo, many paying $1 to watch polo matches at the Uplifters Club field on Beverly Boulevard on Sundays. Movie star Will Rogers even built a polo field on his ranch.

By 1927, 200 beach clubs had popped up across the city, where Filipino waiters in tailored suits lit cigars and Chinese waitresses in silk robes poured drinks. Older establishments like The Jonathan became more exclusive than ever, moving into a spectacular new building dressed by the artist behind the murals at Grand Central Station. The Ambassador Hotel's Cocoanut Grove, meanwhile, opened its doors to anyone willing to pay $2.50 for dinner and 75 cents for an evening of dancing to Abe Lyman's Ambassador All-Star Orchestra. Dripping in Moorish tents, waterfalls and palm trees procured from the set of *The Sheik* (the idea of Ambassador resident Rudolph Valentino), the club introduced the Hollywood elite not just to jazz, but to the old guard – its clientele ranged from a young Joan Crawford to oil heir and playboy Jean Paul Getty.

In stark contrast were the Folks – elderly Midwestern migrants who'd traded in lives of rural hardship, selling their farms and retiring to the city. Raised on old-fashioned religion and grit, they brought with them a hearty support of evangelical Christianity. Their communities rolled out extensive rules banning revealing bathing suits and prohibiting public displays of affection – with fines of up to $500 and six months in prison.

This, combined with the temperance movement, paved the way for characters such as Bob Shuler, an evangelical Trinity Methodist who fled Texas in 1920 in a hail of fistfights and libel suits. A publicity mastermind, he grew his LA congregation from 900 to 42,000, with a dogmatic agenda targeting Jews, Catholics, movies, evolution, jazz and dancing. Presenting himself as a defender of the last bastion of Anglo-Saxon America, he was gifted a radio station with 200,000 listeners by an oil heiress in 1926, and went on to propel a used car parts dealer, and former Klansman, into the position of mayor.

Half of Los Angeles' 35,000 Japanese residents were American-born, and Japanese producers and wholesalers supplied 75 per cent of the city's vegetable produce, but the WASPs resented them, fearing American jobs were being taken by the Asian workforce. In Hollywood, one house erected a sign reading: "JAPS KEEP MOVING, THIS IS A WHITE MAN'S NEIGHBORHOOD." Blacks enjoyed improved prosperity, but still had to contend with Jim Crow laws – for example, only being allowed to swim the day before the pools were to be drained. Mexicans, who were now the country's largest minority, suffered similar upwards mobility issues.

Although the city's evangelical WASPs welcomed Prohibition, outlawing alcohol, Los Angeles became a bootleg capital. Bootleggers such as Tony Cornero filled ships with 7,000 cases of Canadian booze, offloaded across the region's various coves. There was little gangland violence, but Prohibition took its toll on the Central City Jail – with 50,000 bookings for minor crimes every year. On one occasion, a reporter witnessed the aftermath of a Hollywood raid, where stars and starlets were dragged in alongside "bullfighters and sheiks". When an officer tried to take an actress's fingerprints, she replied: "Take yer paw off'n me, you mammal." As the men kicked off, the police allegedly sat on the "damsels" to subdue them. A few years earlier, even the city's Chief of Police, Louis Oaks, had been caught with a half-drunk bottle of whiskey and a half-naked woman in his official car (and subsequently fired).

By the end of the 1920s, Los Angeles had been dubbed a 'City of Dreams', and described by writer Hamlin Garland as a beacon of "incessant and self-conscious advertising", "eternal boom" and "monotonous note of optimism". With Hollywood at its heart, the city had willed the American Dream into existence… but optimism alone would not be enough in the face of the nightmare to come.

THE HIGH LIFE

In the 1920s, amid a second oil boom and the rise of Hollywood, Los Angeles blossomed into America's fifth largest city. Aspirational Americans flocked from across the country to become homeowners for the first time, sampling the high life at the city's stunning beaches, luxurious country clubs and decadent night spots.

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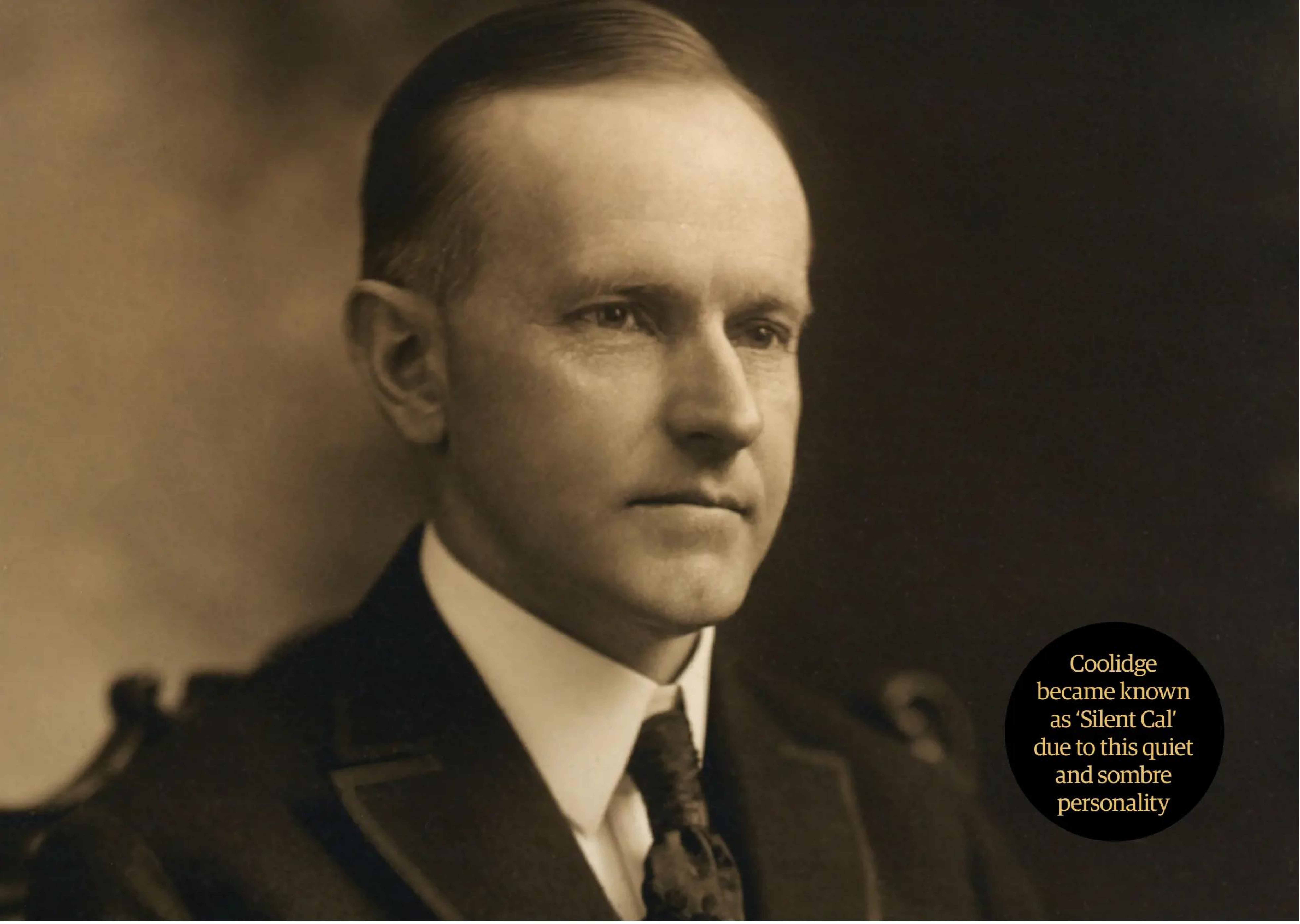


Coolidge became known as 'Silent Cal' due to this quiet and sombre personality

CALVIN COOLIDGE

A reserved small government conservative by nature, Coolidge would become known for his decisive nature in the White House

John Calvin Coolidge Jr was born on 4 July 1872 in the town of Plymouth Notch in central Vermont. The eldest of two sons, he grew up in a typical middle-class family of the late 19th century. Neither poor nor particularly rich, the Coolidge name was still a well-distributed one thanks to his father's experience in politics (he eventually became a justice of the peace) and agriculture.

Most of his family had a background in farming, but the younger Coolidge showed an aptitude for learning at an early age and soon excelled through his education, earning a reputation as a voracious debater. After completing his graduation, Coolidge moved to Northampton, Massachusetts under his father's insistence and pursued a career in law. By 1897, he had trained as a county law lawyer and he soon opened his own practice. It was here that Coolidge's political destiny began to manifest.

Known for his quiet demeanour outside the courtroom, but a shrewd and diligent manner within, Coolidge found himself elected to the local city council in 1898. Identifying with the conservatism of the Republican Party, he found a position that supported the issues he believed in, including fiscal conservatism and the support of the suffragette movement.

From there he began a steady ascendance through the world of state politics that brought him to almost every significant seat of office Massachusetts could provide. He became a member of the local House of Representatives, echoing his

COOLIDGE VS THE BOSTON POLICE STRIKE

What caused the Boston Police Department to go on strike in 1919? It all centred around its plans to set up an independent union and the government's opposition to such a move. When the leaders of the move to unionise were suspended, three-quarters of the city's police force went on strike on 9 September, causing riots and civil disobedience across Boston. Coolidge called in the National Guard to restore order and personally oversaw the remaining Police Department officers. In an age of constant fear over communist invasion, Coolidge believed the police had a duty to protect the people and therefore did not have the right to strike.

father's achievement, and he made a name for himself there by refusing to follow the popular vote of his fellow Republicans.

In 1911, Coolidge ran for state senator and defeated his Democrat rival by a considerable margin. Serving for just under three years as senator, Coolidge eventually became president of the Senate in 1914 before becoming lieutenant governor two years later. It was then that he began to place his focus on the role that would catapult him onto the national stage: state governor.

It was here that Coolidge would garner the attention of the higher powers in the capital. After winning the seat by the slimmest of margins, he faced the biggest obstacle of his career thus far: the Boston Police strike. His refusal to kowtow to the demands of the strike and his calm demeanour in the face of such a widely covered event spoke volumes.

More importantly, his public speeches regarding the need to protect public safety sent his approval rating soaring through the roof and as the 1920 presidential election season loomed, Coolidge was nominated as the Republican candidate for the vice presidency. Attached to the presidential ticket of popular figure Warren G Harding, Coolidge was now being readied for a position in the most powerful office in the nation.

While Harding's connection to corrupt officials within government and the military would posthumously erode his popularity, the duo of Harding and Coolidge provided the perfect mixture of charm and composure, and they won the election by a landslide. However, Harding died three years later of a sudden cerebral haemorrhage on 2 August 1923 and Coolidge was sworn in as president a few hours later.

His policies of transparency (especially in the wake of corruption unearthed after Harding's death) would serve him well, and he successfully won the 1924 presidential election in a decisive victory over his Democrat opponent. Now reaffirmed by public confidence, Coolidge was finally able to pursue those key tenets and beliefs of his political idealism: he enforced considerable tax cuts, limited government spending and staffed regulatory commissions with those sympathetic to building the United States' domestic businesses.

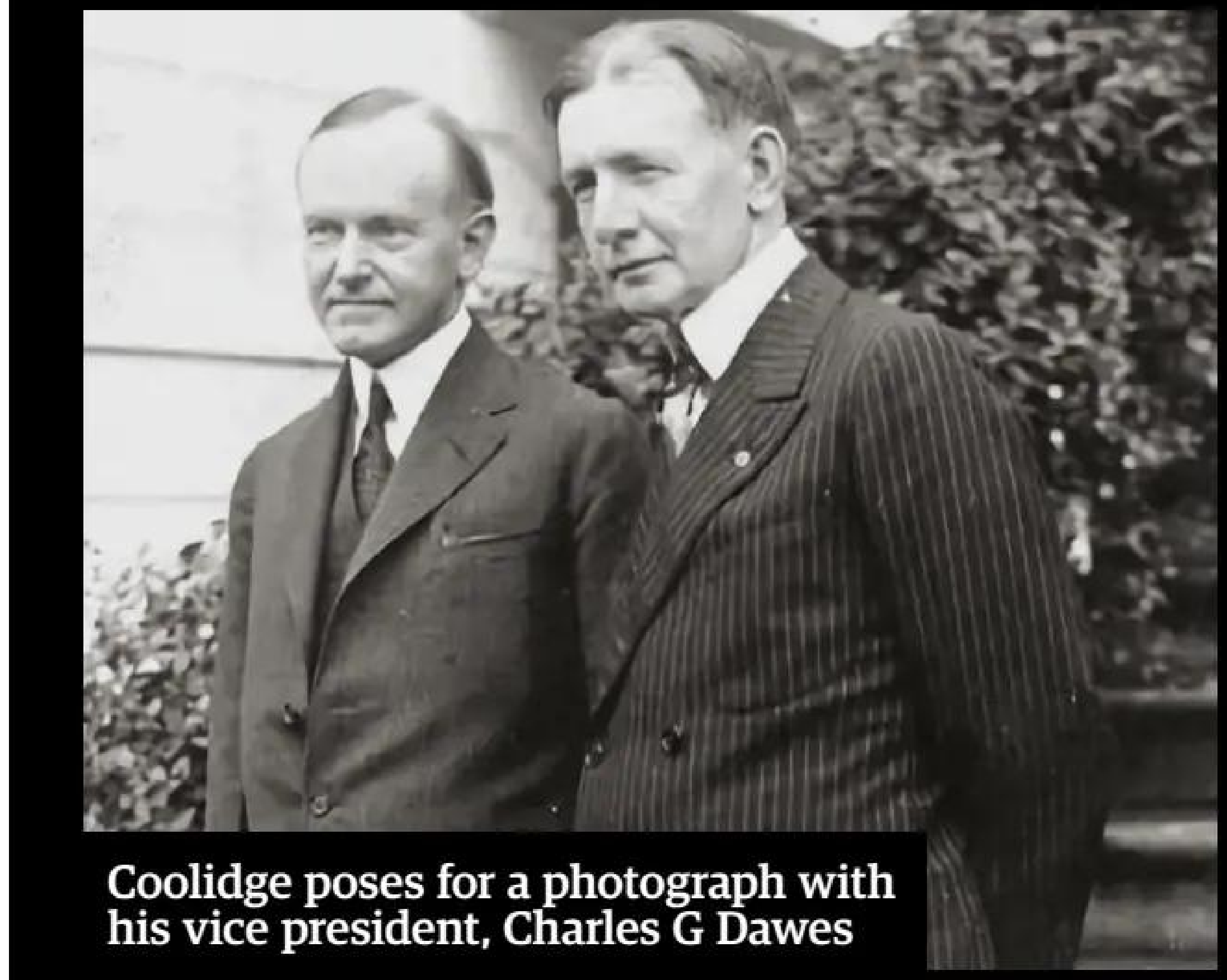
Those policies helped foster the cultural and economic boom of the Roaring Twenties, a period that stood in stark contrast to the reserved and sombre man at the helm of the nation's future. Spending and lending skyrocketed as Americans embraced excess, while Coolidge's high tariffs on imported goods also fostered a renewed domestic confidence in the strength the nation's own products and industries.

Coolidge's popular public image led many to believe that he would easily win re-election in the 1928 presidential election, but the death of his father and youngest son, coupled with the monumental stress of office, were enough to convince the politician otherwise and he announced his desire to leave office at the end of his term at the beginning of 1929, to the considerable surprise of some.

> Under Coolidge, the United States saw its first laws designed to regulate radio broadcasts passed

In October, the American economy's excessive spending sparked the Stock Market Crash and the nation was sent spiralling into an era of depression. Were Coolidge's small governmental policies solely to blame for the nation's selfish notions of economic status? Not entirely – those seeds had be sown long before Coolidge took office, but his failure to aid the depressed agricultural sector and the uneven distribution of wealth caused by his considerable tax cuts accelerated the process.

By the time of his death on 5 January 1933, Coolidge's popularity had largely soured among the American public, with many demonising his policies as the root cause of the country's destitution. He was a man who believed in empowering the people – it just so happened that this also led many of them to act irrationally, forever binding his American conservatism with the contrasting implosion of the economy.



Coolidge poses for a photograph with his vice president, Charles G Dawes

LIFE IN THE TIME OF CALVIN COOLIDGE

ECONOMIC EXPANSION

Under Coolidge, the United States saw a proactive shift away from the economic malaise of Harding's time in office. Taxes were cut and only the top two per cent of earners paid income tax, while one-quarter of the country's federal debt was shaved.

CONSUMER SOCIETY

The national wealth of the United States practically doubled between 1920 and 1929, which saw a rise in a consumer culture that the nation had never experienced. From fashion to music and beyond, national trends in all areas of culture swept cities and towns across the land.

AN EQUAL VOICE

The 19th Amendment, introduced into US law in 1920, finally gave women the right to vote. While society was still far from equal, female citizens enjoyed, to a certain extent, a greater sense of cultural freedom. This also led to the popularisation of the 'flapper' image – women who dressed how they wished and said what they wanted.

THE AGE OF JAZZ

Music exploded into life during this period, and the blues-infused tones of jazz became the sound of the times. Jazz clubs sprang up across the country, radio stations embraced it wholeheartedly, and phonograph sales skyrocketed – 100 million records were sold in 1927 alone.

PROHIBITION

Perhaps one of the most famous factors of the 1920s, Prohibition began with the passing of the 18th Amendment. This new law prohibited the sale of liquor with a proof higher than 0.5 per cent. This drove the sale of alcohol underground and facilitated the rise of gangsters and organised crime.

Hoover's inauguration came at a time of optimism, but his ambition could not prevent what was to come

© Getty/ Keystone/ Stringer

THE LAST DAYS OF GREATNESS

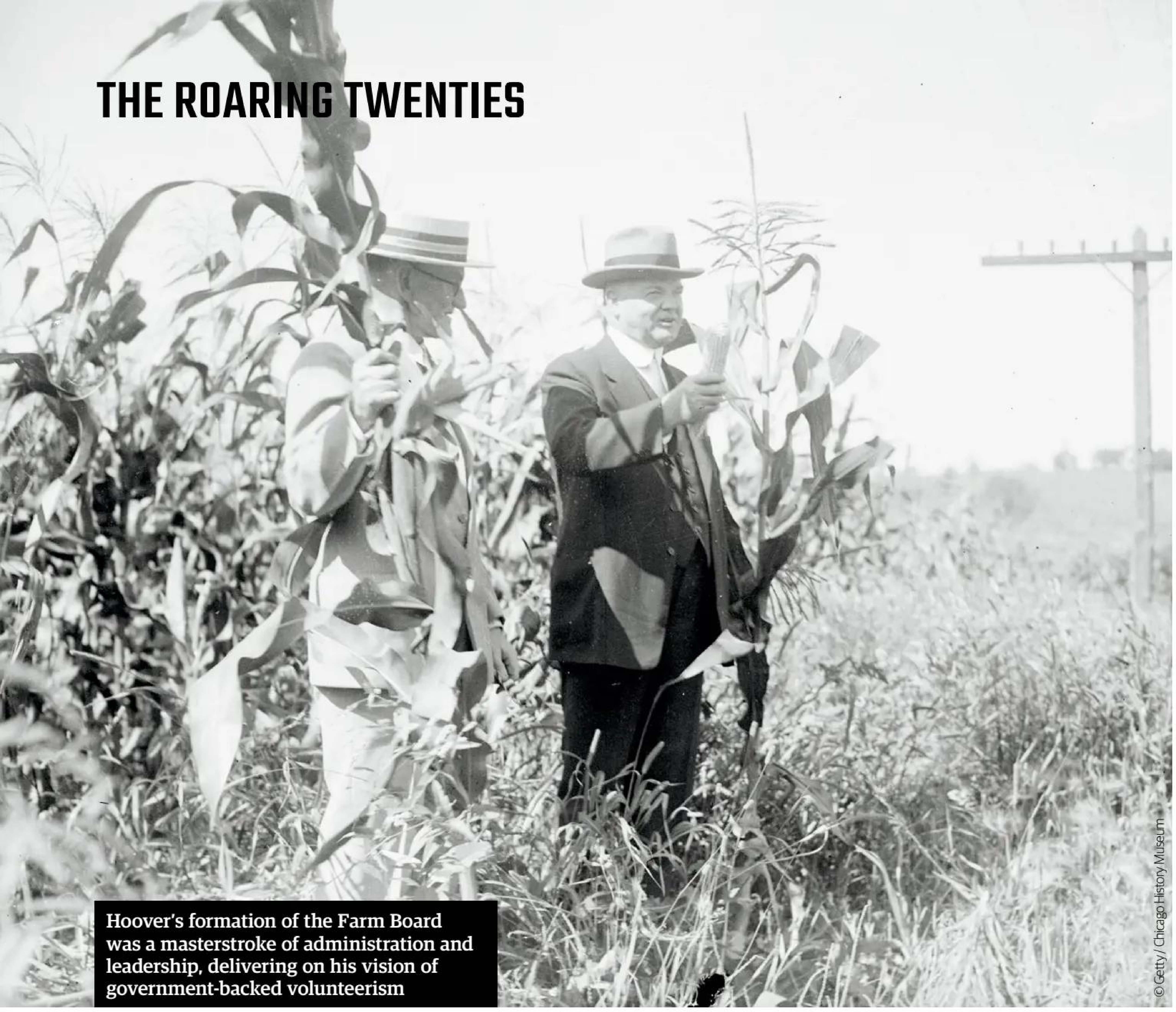
As the last year of the 1920s roared closer to the cliff edge, for a moment it seemed that America, and the world, had entered a new age of even greater peace and prosperity

Words Hareth Al Bustani

In the days and months leading to the Wall Street Crash, to the average American the country truly seemed to be emerging from the Roaring Twenties into a new era of even greater prosperity and hope. New Year's Day itself was marked by a remarkable accomplishment - the launch of the Question Mark, a five-person, tri-engine aeroplane, which went on to fly continuously for 150 hours and 40 minutes, refuelling mid-air 43 times.

On 17 January 1929, two days after the birth of Martin Luther King, EC Segar's character of Popeye the sailor made his first appearance in a *Thimble Theatre* comic strip, spouting his first line: "Ja think I'm a cowboy?" before sharing an accidental kiss with Olive Oyl later that year. His unbridled optimism would go on to prove a vital source of escape, and motivation, for America's Depression-struck population - eventually spawning his own cartoon in 1933, boosting spinach production by 33 per cent and overtaking Mickey Mouse as the country's most beloved character.

In February, in his last official act as president, Calvin Coolidge opened the San Mateo Bridge, the world's longest, in San Francisco. A $7,500,000 architectural marvel, it represented the pinnacle of a decade of prolific public works. In 1929, while federal construction expenditure only stood at $200 million, states dished out $2 billion, mostly spent on highways. Private industry projects, such as the San Mateo Bridge, however, stood at a staggering $9 billion. California's state banking superintendent said the bridge was a testament to a "great era in prosperity".



Hoover's formation of the Farm Board was a masterstroke of administration and leadership, delivering on his vision of government-backed volunteerism

© Getty / Chicago History Museum

At the inaugural Academy Awards ceremony, Janet Gaynor won Best Actress for her work in *7th Heaven*, *Street Angel* and *Sunrise*

© Getty / Bettmann

In January, the 'Question Mark' flew non-stop for more than 150 hours, refuelling mid-air 43 times

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Though it was the country's most prosperous year ever, it was also one of vast inequality – with corporations owning $81 billion of assets, or half of all American industry, and almost one-quarter of the national wealth. Dismissed as a socialist notion, America's unionist movement had been a failure, its membership falling by a third. An elite of 2,000 company directors stood at the top of a society, where the top 0.1 per cent of American families earned the same as the bottom 42 per cent combined. While almost three-quarters of Americans earned less than $2,500 a year, 24,000 families took more than $100,000 and 513 people surpassed $1 million, with the divide widening.

On the eve of the depression, while 80 per cent of families had no savings, the top 0.5 per cent owned nearly one-third of all the country's net wealth, the highest disparity in American history. More than half of the population lived in rural areas, 45 million living without indoor plumbing or electricity. When they went to the outdoor latrine at night, as one Texas Hill resident recalls, they had the "horrible choice" of whether to go out "in the dark, not knowing what was crawling" on them, or take out a lantern and become engulfed in moths, mosquitoes, nighthawks and bats. The divide was even more stark for blacks who, with a life expectancy of 45, died 15 years younger than white people. While whites had never known greater prosperity, southern blacks not only found themselves legally excluded from most jobs, but had to drink from separate water fountains, worship in their own churches, and study at inferior schools.

"JUST TWO MONTHS INTO HIS PRESIDENCY, HOOVER HAD BROUGHT HIS LOFTY VISION OF GOVERNMENT-SPONSORED VOLUNTARY COOPERATION TO LIFE"

In this age of prosperity, with the country in what journalist Anne O'Hare McCormick called "a mood for magic", America "summoned a great engineer to solve our problems for us". When Herbert Hoover was inaugurated on 4 March 1929, "the whole country was a vast, expectant gallery", eagerly waiting, as "the modern technical mind" took the head of government for the first time.

Hoover kick-started the first week of his presidency by closing the White House stables and retiring the presidential yacht, declaring: "Excessive fortunes are a menace to true liberty by the accumulation and inheritance of economic power." This was a president looking to build on the country's strengths and heal its ails, many of which he believed were 14 years overdue. He said: "We want to see a nation built of homeowners and farm owners. We want to see their savings protected. We want to see them in steady jobs. We want to see more and more of them insured against death and accident, unemployment and old age. We want them all secure."

The first item on his agenda was the agricultural depression, which had now raged on without reprieve for the better part of a decade. On 15 April, he summoned a special session of Congress where he disavowed raising export subsidies. Instead, he demanded "the creation of a great instrumentality clothed with sufficient authority and resources" to "transfer the agricultural question from the field of politics into the realm of economics". Congress offered no resistance to this visionary move, with one senator writing: "The President is so immensely popular over the country that the Republicans here are on their knees and the Democrats have their hats off."

In June, Hoover signed the Agricultural Marketing Act, formally founding the Federal Farm Board, with $500 million at its disposal, to promote agricultural cooperatives and stabilisation corporations. These aimed to encourage sustainable agriculture, by incentivising producers to enter voluntary agreements, and if these cooperatives failed, they would be supported by stabilisation corporations – on hand to buy any excessive surplus. Just two months into his presidency, Hoover had brought his lofty vision of government-sponsored voluntary cooperation to life. When the Farm Board met for the first time, Hoover told them they had been given "responsibility, authority and resources such as have never before been conferred by our government in assistance to any industry".

Meanwhile, in another sign of prosperity, the inaugural Academy Awards ceremony was held in the Blossom Room of the Hollywood Roosevelt Hotel on 16 May, honouring movies made over

AROUND THE WORLD

Beyond the auspices of America, the seeds of a dark future were being sewn across the world

At the start of the year, Trotsky was exiled from the USSR, cementing Stalin's grip over the Soviet Union

© Getty / adocphotos

In January, the Communist Party exiled Stalin's leading opponent Leon Trotsky to Kazakhstan, before banishing him from the USSR, sending him to an island off the coast of Istanbul. Later, in February, Mussolini's fascist government signed the Lateran Treaties, establishing the Vatican as a sovereign state and prompting Pope Pius XI to call the dictator a "man of providence".

Even though the Young Plan reduced Germany's overall reparation payments and gave it longer to pay, the country's far-right parties were absolutely outraged that it still meant paying some £50 million a year until 1988. Gustav Stresemann, who had not only been instrumental in pushing through the Young Plan, but in restoring the country's international reputation, died in October. Following his death, a coalition of right-wing parties emerged, including Adolf Hitler's National Socialist German Workers Party, united behind newspaper mogul Alfred Hugenberg, proposing a 'Liberty Law', renouncing all reparations and the country's acknowledgement of 'war guilt', as stipulated by the Treaty of Versailles.

In July, with enough time having passed since World War I, the Geneva Convention was updated, with an entire new convention devoted to the treatment of prisoners of war. It stipulated that prisoners must be treated humanely, setting out an extensive list of criteria, ranging from food and clothing to repatriation procedures.

the previous two years. While the 1927 silent World War I movie *Wings* won best picture, the best actress winner, Janet Gaynor, received three nominations, for her work in *7th Heaven*, *Street Angel* and *Sunrise*.

First serialised in *Scribner's Magazine*, Earnest Hemingway published *A Farewell to Arms* – a fictionalised account of his experiences in World War I, on the Italian front. Anchored around the romance between an American ambulance driver and an English nurse, despite careful omission of sexual details, it was branded "salacious" by the Boston police chief, who banned it from newsstands across the city. Regardless, when the novel was published in September, it went on to become Hemingway's first bestseller, immortalised as one of the great American war stories.

In June, a team of Bell Labs researchers gave the public its first glimpse of an experimental form of colour television. Bell invited a group of New York journalists to experience the mechanically scanned colour demonstration, which began rather patriotically, with an American flag in red, white and blue, alongside a bouquet of flowers. *The Washington Post* report said, "It was like looking at a moving picture about as big as a postage stamp, except instead of a film you were seeing the real thing and in beautiful colours."

That same month, a committee headed by Owen Young, the head of General Electric, proposed the Young Plan – reducing Germany's reparation demands from 132 billion gold marks, or $31.5 billion, to 121 billion gold marks, $29 billion – to be paid over 58 years.

In July, the Kellogg-Briand Pact, banning conflict as a method of solving international disputes, came into effect – with 15 signatories. The pact earned its co-creator, American secretary of state Frank Kellogg, the Nobel Peace Prize later that year.

On a similar note, on 18 September, President Hoover gave a radio address, calling for arms reduction and scaling back the international arms race. During the speech, he said that the country's historic presidents had always believed that "adequate preparedness for defence" was "one of the assurances of peace". "But," he added, "that preparedness must not exceed the barest necessity for defence or it becomes a threat of aggression against others and thus a cause of fear and animosity of the world."

Although the stock market had begun a steady decline, if Hoover was beginning to suspect the worst there was certainly no sign of it mitigating his ambition. On 26 September, he invited a pool of the country's leading social scientists to a White House dinner where, dressed in one of his customary sharp, executive suits, he proposed a study unlike any before. He would bring together the finest minds in the land to produce the most comprehensive collection of data on American society ever – to use as a "basis for the formulation of large national policies looking at the next phase in the nation's development".

The authors of the Middletown study, published that year, wrote: "We today are probably living in one of the eras of greatest rapidity of change in the history of human institutions." In this new era of immense prosperity, Hoover's study was to examine every aspect of society, from crime, health, arts and mineral resources, to the status of ethnic minorities and women. However, it was not to be. For Hoover would soon find himself at the helm of a very different America, one on the way back down.

American secretary of state Frank Kellogg won a Nobel Peace Prize for his contribution to the Kellogg-Briand Pact, banning conflict

© Getty / George Rinhart

THE CRASH

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EPOSITORS
THIS BANK IS
SURED
FEDERAL DEPOSIT
SURANCE CORPORATION

CAUTION
SPEED LIMIT 8 MILES PER HOUR
AXLE LOAD RESTRICTED TO 10 TONS

When bankers started calling in their loans for shares bought on margin, Wall Street fell into disarray

© Glasshouse Images / Alamy

BLACK DAYS

After years of miraculous growth and prosperity, it all came undone in just a few fateful days of chaos

Words Hareth Al Bustani

After years of rampant speculation, New York's bull market finally peaked on 3 September 1929. When share prices fell slightly a few days later, most observers assumed it was just a standard adjustment. Although prices continued to drop, speculators played the market and bankers loaned out more money than ever before.

By 21 October, so many shares were being dumped that the telegraphic ticker, which reported transactions to traders countrywide, fell behind - people knew they were losing money, they just had no idea how much. This escalated matters into hysteria, with shareholders panicking and selling off their stock, leading to further losses.

In the last hour of Wednesday 23 October, a landslide was triggered, with 6 million shares sold off, wiping out $4 billion - all of the astronomical gains from July and August - from Dow Jones. With the ticker two hours behind by the day's close, the uncomfortable truth began to sink in: all was not well on the New York Stock Exchange. Investors, who had for so long enjoyed the benefits of margins, now found their banks calling in their loans.

On 24 October, a day that would henceforth be known as Black Thursday, the *New York Times* reported the "avalanche of selling" the day before had brought about "one of the widest declines in history". However, the worst was yet to come. By noon, a further $9 billion was wiped out. As the ticker began to run four hours late, a group of bankers, led by Thomas Lamont from JP Morgan, rushed together to try to prop up prices, helping to salvage some of the worst losses and recovering back to one-third of the previous day's prices.

During Black Tuesday, as 15,000 miles of ticker tape spewed out, shell-shocked traders began stuffing their sales slips in the bin

© ClassicStock / Alamy

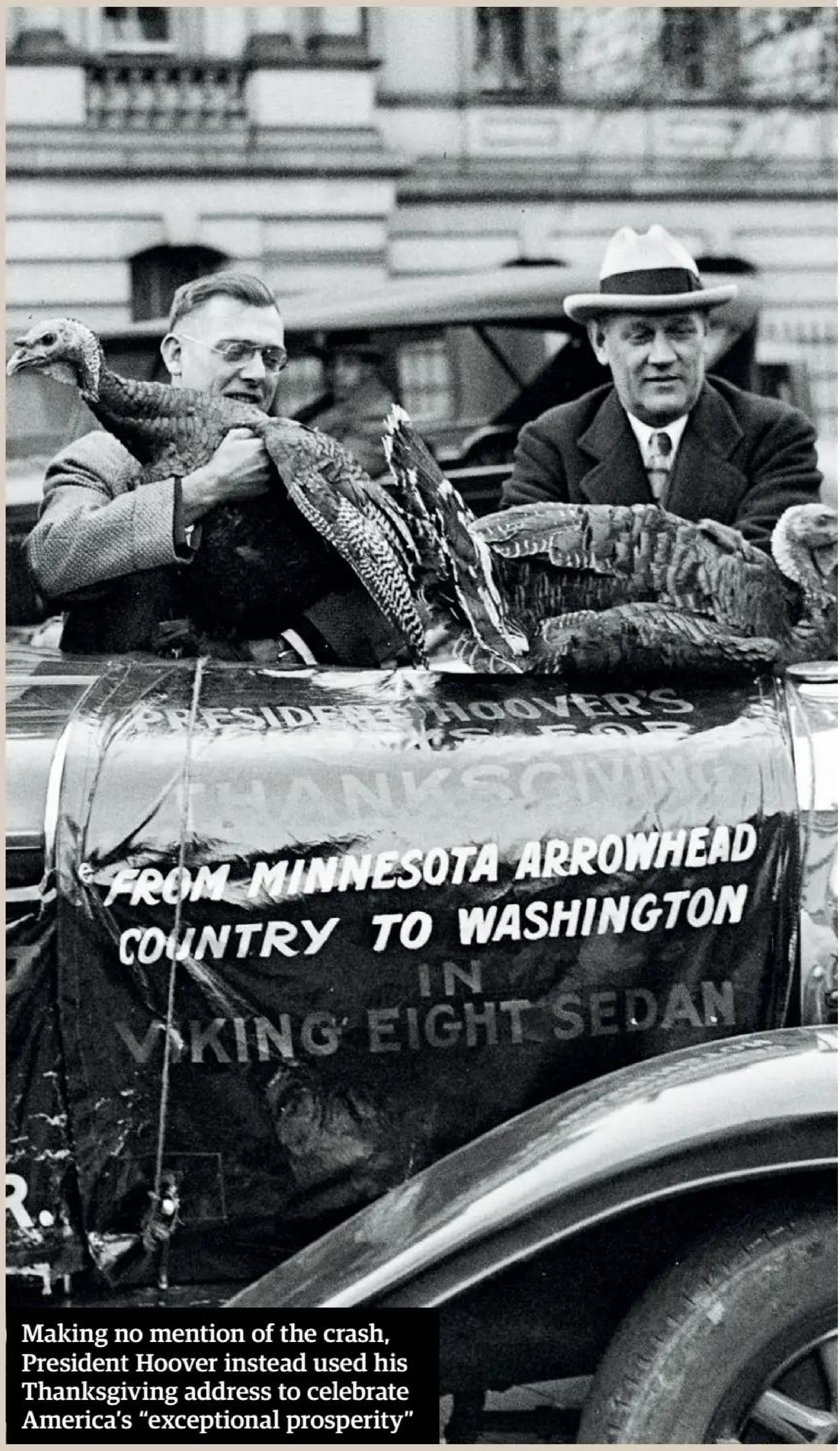
THE GATHERING STORM

In the months following the crash, cautious optimism turned sour as reality set in

A week after the crash, President Hoover admitted that the country had passed through a period of overspeculation, which had always been destined to "crash due to its own weight". Despite this, he claimed that the financial world was functioning as normal, and that thanks to the Federal Reserve System the crisis had "not extended into either the production activities of the country or the financial fabric of the country".

However, in the wake of the crash, the miracle of leveraging unravelled, as the margin loans that had created so much wealth were called in on the way down. Those who could not afford to pay were forced to sell. In the three weeks after Black Tuesday, millions of forced sales further fuelled the stock market collapse – wiping out $26 billion by mid November.

By now, papers like *The Nation* were already running pessimistic articles with titles such as "The Men Who Did It", arguing: "What bankers and brokers know very well, however, is that the Federal Reserve is the body primarily to thank for the disaster which the stock market has just gone through." By December, there was now no denying that America's financial institutions were in very real danger, with industrial production down by 10 per cent and imports by 20 per cent.



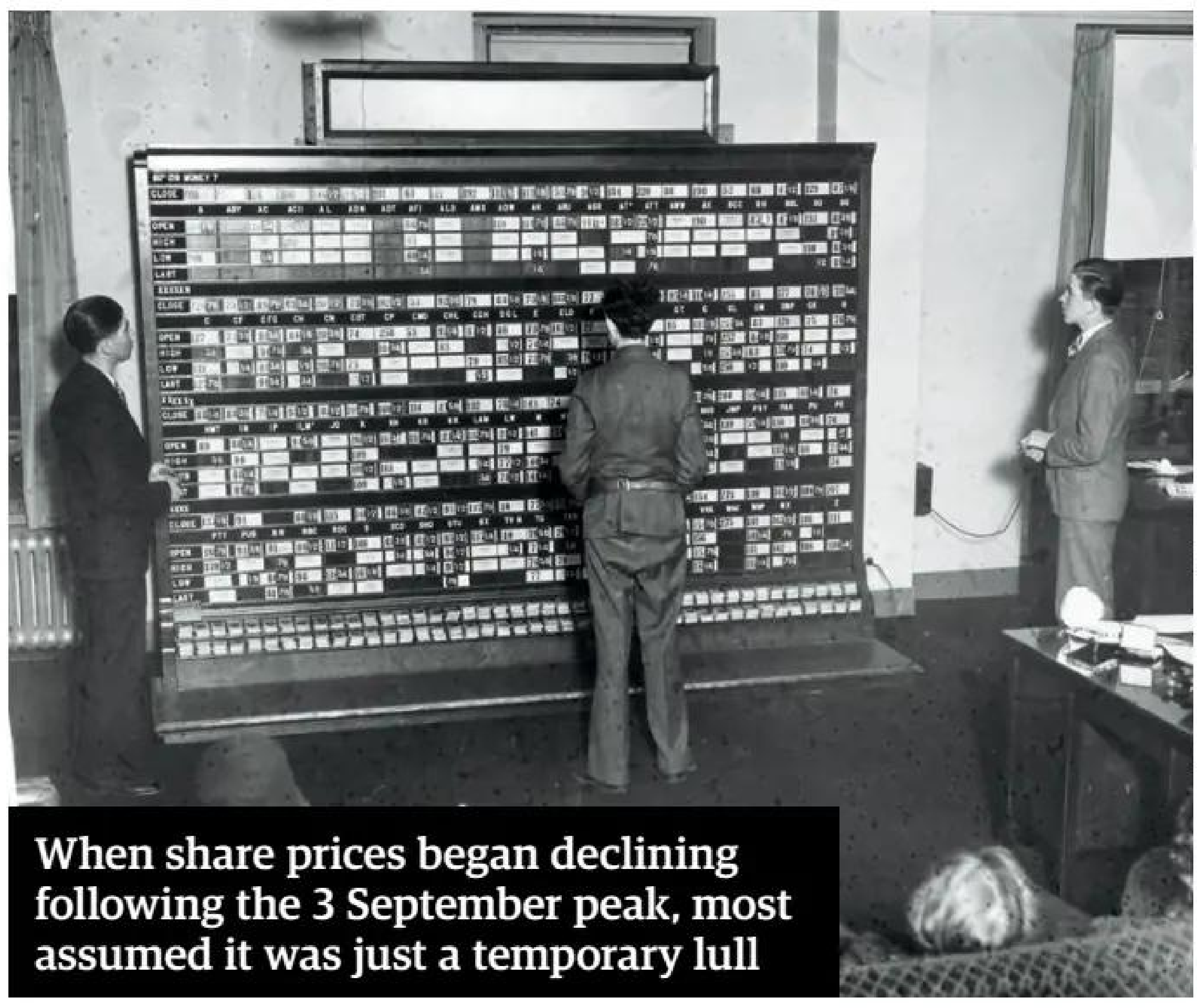
Making no mention of the crash, President Hoover instead used his Thanksgiving address to celebrate America's "exceptional prosperity"

The next day, eager to restore confidence to the market, President Hoover announced that "the fundamental business of the country, that is, production and distribution of commodities, is on a sound and prosperous basis". Sure enough, the prices stabilised on Friday and Saturday. However, on the following Monday, the bottom fell out like never before. As the Dow lost 38 points – nearly 13 per cent of its value – in a single day, the bankers resigned themselves to their fate.

Journalist Jonathan Leonard reported that 9,212,800 shares were sold, with the Times index falling by almost 50 points to 318.29. "That night," he wrote, "Wall Street was lit up like a Christmas tree. Restaurants, barber shops, and speakeasies were open and doing a roaring business. Messenger boys and runners raced through the streets whooping and singing at the tops of their lungs. Slum children invaded the district to play with balls of ticker tape. Well-dressed gentlemen fell asleep in lunch counters. All the downtown hotels, rooming houses, even flophouses were full of financial employees who usually slept in the Bronx. It was probably Wall Street's worst night. Not only had the day been bad, but everybody down to the youngest office boy had a pretty good idea of what was going to happen tomorrow."

That night, a bad omen hung in the air – an overwhelming realisation that the American way of life itself was on the brink of collapse, that the new era of great prosperity was over, just as it had begun. "Even the outriders of the New Era felt that if everybody pretended to be happy, their phoney smiles would blow the trouble away," wrote Leonard. New York Mayor Jimmy Walker asked the cinemas to "show only cheerful pictures", *True Story Magazine* ran full-page advertisements encouraging people to buy luxuries on credit, and McGraw-Hill, "another publishing house with boom-time megalomania", simply "told the public to avert its eyes from the obscene spectacle in Wall Street". Leonard added: "What they did not observe would not affect their state of mind and good times could continue as before."

As morning broke on 29 October – Black Tuesday – traders woke up sore on office floors, unable to hear the trading bell ring amid the screams of "Sell! Sell! Sell!". In the first half hour alone, 3 million shares traded hands. Local and international phone lines were jammed, along with cables, radios and wires. As the day went on, Herculean quantities of stock were unloaded, and, running out of places to store their sales slips, traders simply began stuffing them in the bin. Unable to find buyers at any price, some simply stared into space, dumbfounded. Others fainted, or broke into fistfights, as 15,000 miles of ticker tape spewed out. When bankers called in their margins, anyone who could not afford to pay was forced to sell, their life savings wiped out instantaneously.



When share prices began declining following the 3 September peak, most assumed it was just a temporary lull

© Granger Historical Picture Archive / Alamy

Rumours began to circulate of bankers throwing themselves off buildings across the city. While these numbers were exaggerated, Winston Churchill, who was in New York visiting his friend Percy Rockefeller, remembered: "Under my window a gentleman cast himself down 15 storeys and was dashed to pieces, causing a wild commotion and the arrival of the fire brigade." By the end of the day, 16.4 million shares

© Niday Picture Library / Alamy

had changed hands, a record that would stand for nearly four decades.

Five hours after the crash, President Hoover's secretary sent him a memo, informing him that "Mr Rand, of Remington-Rand Company, has just telephoned, stating that he thinks you should issue a statement to the press tonight for publication tomorrow morning, such as this: 'I am of the opinion that speculators' excessives have been thoroughly liquidated and sound investment securities have been reduced to a safe and attractive level. Now is the time for Bankers, Brokers, and Investors to exercise the utmost of patience and cool judgement in all dealings with one another.'"

In fact, Rand warned him that if the dire situation carried on for another two days, millions of businessmen would be ruined. For many, the damage had already been done. Georgia banker Raymond Tarver said: "There were thousands who went down during the panic – lost fortunes, homes, businesses, and in fact everything. Some have survived, and many never will. A great many were too old to begin building up again."

Small-time buyers, who'd bought their stocks on margin, had not banked on values actually going down, and began pawning off anything of value, from china to jewellery. Others lost far more. Greek immigrant George Mehales, who owned a diner in South Carolina, recalled: "They told me I needed more cash to cover up. I couldn't get it." Both he and his brother were wiped out that day. "I considered killing myself, 'cause I had nothing left. I found out what a fool I had been." He was only able to pay off his debts by selling the cafe at "rock-bottom" price.

The next morning, the *Guardian* reported that the bankers group fighting the market decline had lowered their margin on loans from 50 per cent to 25. "A reflection of the slump in New York was seen on the London Stock Exchange, where there were heavy sales, and 'street market' excitement until well on in the evening. The Canadian exchanges were hard hit yesterday by the slump."

Although the *New York Evening Post* reported that "the Street is going through the greatest disaster in its history", it remained optimistic that with loans and credit in abundance, "good must come even from this stern and cruel housecleaning". With a rousing send-off, the paper continued: "Such stocks are the bone and sinew of the country. Not to believe in them is not to believe in America. The world has so many things that must be done, and no one can do them better than our own people. Our business strength has pulled us out of difficulties in days gone by. With faith it will do it again."

The *Birmingham Age-Herald* was also optimistic, placing its faith in the Federal Reserve: "There will be no panic because the United States has gotten beyond that stage in its economic development." While the *Montgomery Journal* believed the collapse, which had "been predicted by careful observers for many weeks", was simply a period of correction, the *Denver Post* was less forgiving, stating that: "Every man who is buying and selling on margin is gambling. And the snowball they have been rolling uphill got too big and heavy and rolled back over them. The little fellow is not alone to blame for present conditions; the big fellows, bankers, brokers, money lenders, are equally to blame."

Average Americans could be forgiven for wishful thinking. After all, the next day saw an incredible recovery, making back two-thirds of Black Tuesday's losses, and after a short session on Thursday the market closed for the rest of the week. However, when it reopened on Monday 4 November, it collapsed yet again, with the Times industries losing 22 points, then a further 37 points on Wednesday and 50 more over the first three days of the next week. The bubble had popped and the stock market was now in free fall, thundering down upon the very foundation of American enterprise – dragging businesses, bankers and average Americans down with it.

"THE LITTLE FELLOW IS NOT ALONE TO BLAME; THE BIG FELLOWS, BANKERS, BROKERS, MONEY LENDERS, ARE EQUALLY TO BLAME"

Once panic set in, the telegraphic tickers used to track sales began to fall hours behind, as wires and phones were jammed

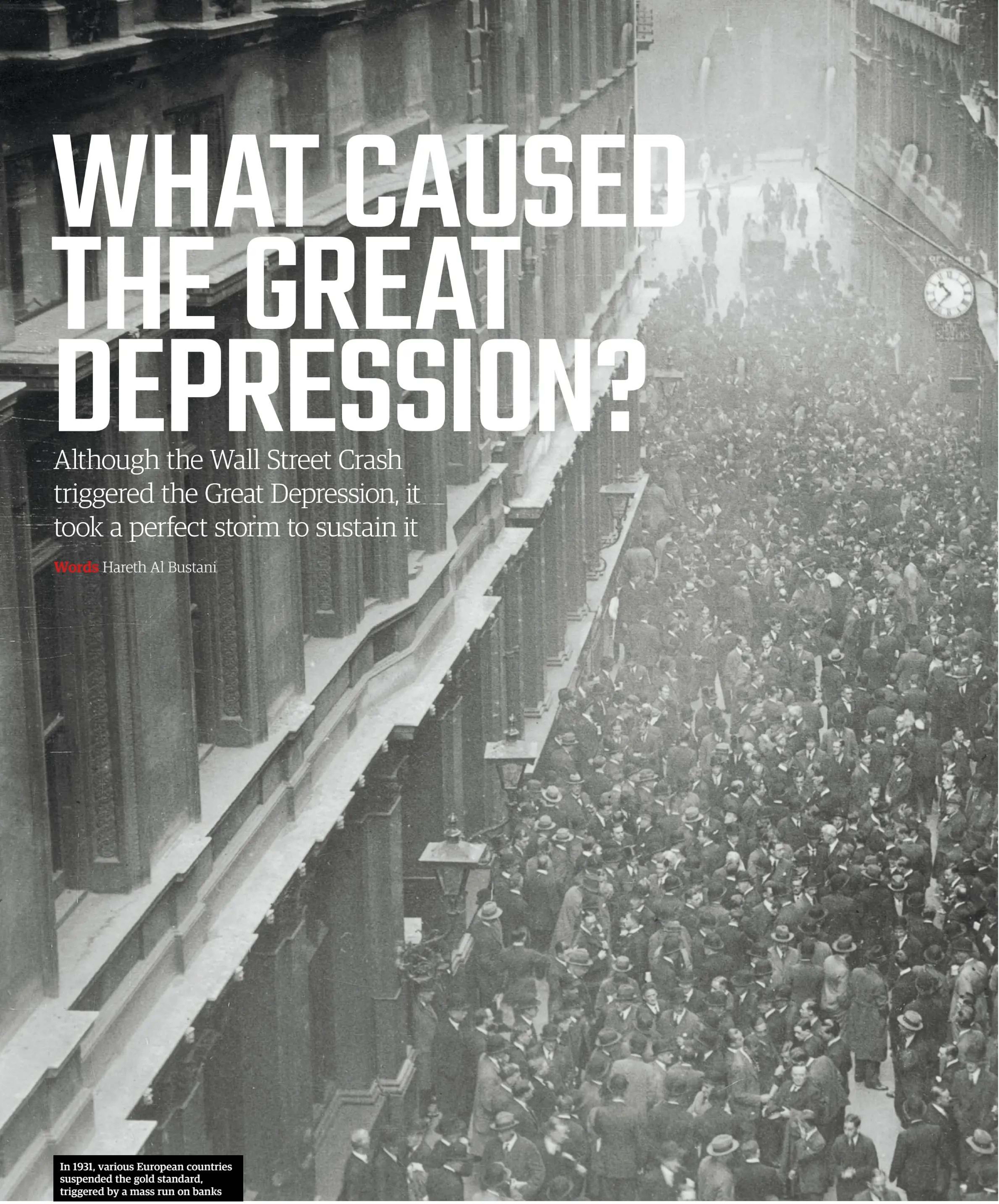
© Getty / ullstein bild Dtl.

PANIC AND BANKRUPTCY

After the bull market peaked and began to drop in September, slight concern quickly snowballed into full-blown panic. As terrified speculators hysterically rushed to sell their stock, prices plummeted and bankers called in their loans. Those who could not afford to pay had to sell, bankrupting many small-time investors overnight.

© Getty / Bettmann

$100. WILL
BUY THIS CAR.
MUST HAVE CASH.
LOST ALL ON THE
STOCK MARKET



WHAT CAUSED THE GREAT DEPRESSION?

Although the Wall Street Crash triggered the Great Depression, it took a perfect storm to sustain it

Words Hareth Al Bustani

In 1931, various European countries suspended the gold standard, triggered by a mass run on banks

WHAT CAUSED THE GREAT DEPRESSION?

© Getty / Topical Press Agency / Stringer

In 1932, with the Great Depression in full swing, US senators tasked the Committee on Banking and Currency with the essential task of investigating the trading practices that led to the Wall Street Crash. After a year spent butting heads with bankers refusing to hand over their records, the committee concluded that the banking system was in such bad shape, it would be too dangerous to share the full extent with the public, or even with the House.

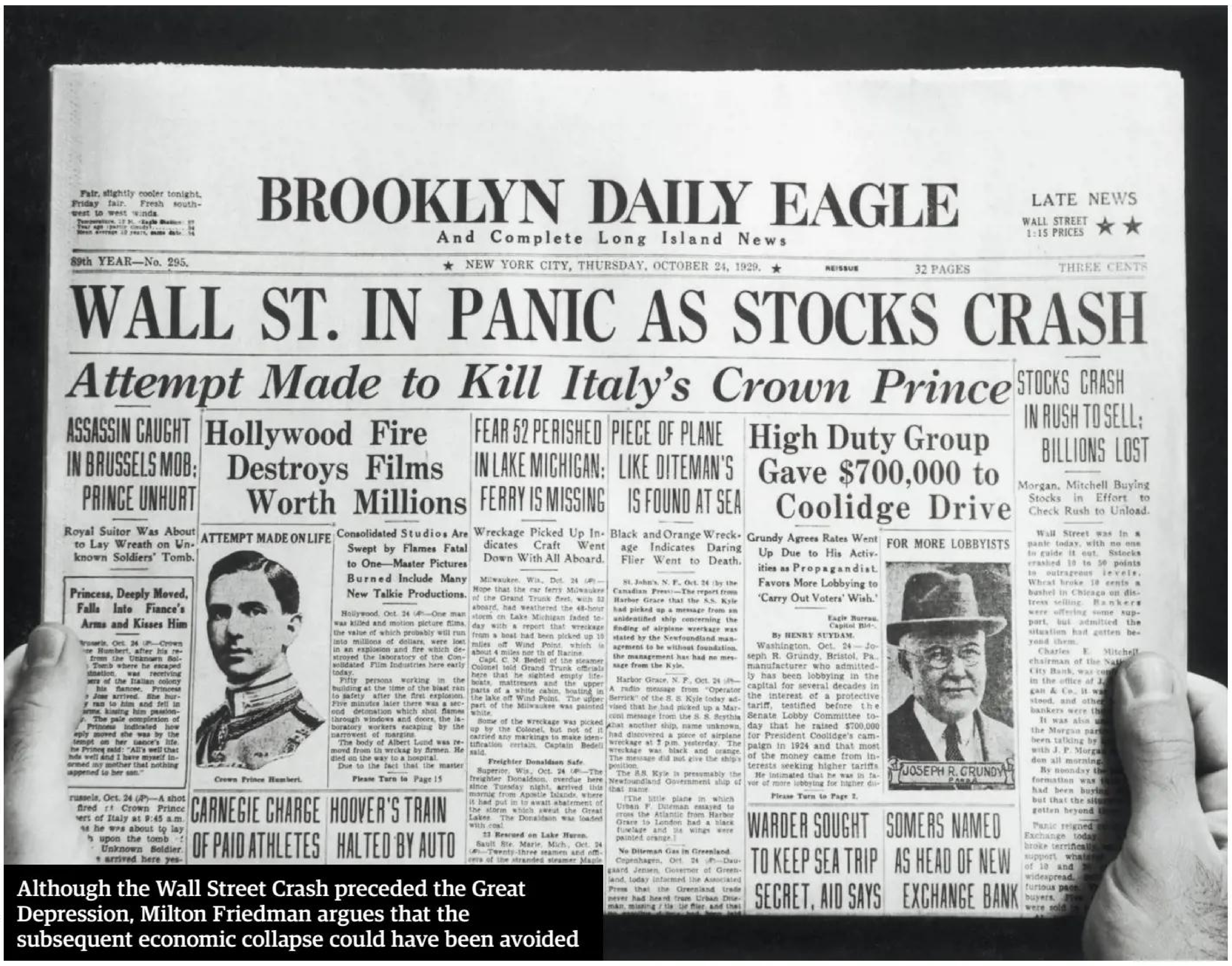
As the Depression entered its third year, a period that killed off more than 5,000 banks, the committee launched a commission, led by the former New York deputy district attorney, counsel Ferdinand Pecora. One after another, bankers were subpoenaed and dragged before Pecora to answer for their misdeeds. The public followed in horror as their beloved businessmen, the guardians of American enterprise, were exposed as being anything but.

On the day that JP Morgan, the country's most prolific banker, was summoned, the *New York Times* reported that a crowd of onlookers "thronged about the door and packed the corridor nearing the committee room, so that in the morning those who had business inside had to fight their way through". When Morgan boldly asserted, "I state without hesitation that I consider the private banker a national asset and not a national danger," Pecora retorted: "What is your business or profession?" When Morgan replied, "Private banker," the audience howled with laughter. Dishonest, self-interested and ultimately dangerous, bankers like Morgan, who did not pay any taxes from 1930 to 1932, were rebranded in the media as 'banksters', the banking world's very own gangsters.

One such figure was Samuel Insull, a utility tycoon who fled to Europe when his business began to fall apart. In early 1933, when he was indicted for embezzlement, he simply asked: "What have I done that every banker and business magnate has not done in the course of business?" Among the first bankers rolled out before Pecora was Charles Mitchell, chairman of the National City Bank. The second largest in the country, the bank was seen to have taken a leading role in the "orgy of speculation which led to the business collapse".

In 1929, a year in which Mitchell earned $1,206,195, he sold off stock to his wife for far less than he had paid for it to avoid income tax – before buying it back for the same price. "I sold this stock, frankly, for tax purposes," he confessed, also admitting that the bank had offered $2.4 million of stockholder money in interest-free loans to its officers to help them save their own portfolios. One editor commented: "The only difference between a bank burglar and a bank president is that one works at night."

Mitchell also outlined how the bank issued "bad short-term loans" to Cuban sugar interests, which had defaulted by 1927. Without informing investors, it issued $50 million in stock and transferred it



Fair, slightly cooler tonight, Friday fair. Fresh southwest to west winds.

BROOKLYN DAILY EAGLE
And Complete Long Island News

LATE NEWS
WALL STREET 1:15 PRICES ★★

89th YEAR—No. 295. ★ NEW YORK CITY, THURSDAY, OCTOBER 24, 1929. ★ REISSUE 32 PAGES THREE CENTS

WALL ST. IN PANIC AS STOCKS CRASH

Attempt Made to Kill Italy's Crown Prince

ASSASSIN CAUGHT IN BRUSSELS MOB; PRINCE UNHURT

Royal Suitor Was About to Lay Wreath on Unknown Soldiers' Tomb.

Princess, Deeply Moved, Falls Into Fiance's Arms and Kisses Him

ATTEMPT MADE ON LIFE

Crown Prince Humbert.

Hollywood Fire Destroys Films Worth Millions

Consolidated Studios Are Swept by Flames Fatal to One—Master Pictures Burned Include Many New Talkie Productions.

Hollywood, Oct. 24 (AP)—One man was killed and motion picture films, the value of which probably will run into millions of dollars, were lost in an explosion and fire which destroyed the laboratory of the Consolidated Film Industries here early today.

Fifty persons working in the building at the time of the blast ran to safety after the first explosion. Five minutes later there was a second detonation which shot flames through windows and doors, the laboratory workers escaping by the narrowest of margins.

The body of Albert Lund was removed from the wreckage by firemen. He died on the way to a hospital.

Due to the fact that the master

Please Turn to Page 15

FEAR 52 PERISHED IN LAKE MICHIGAN; FERRY IS MISSING

Wreckage Picked Up Indicates Craft Went Down With All Aboard.

Milwaukee, Wis., Oct. 24 (AP)—Hope that the car ferry Milwaukee of the Grand Trunk fleet, with 52 aboard, had weathered the 48-hour storm on Lake Michigan faded today with a report that wreckage from a boat had been picked up 10 miles off Wind Point, which is about 4 miles north of Racine.

Capt. C. N. Bedell of the steamer Colonel told Grand Trunk officials here that he sighted empty lifeboats, mattresses and the upper parts of a white cabin, floating in the lake off Wind Point. The upper part of the Milwaukee was painted white.

Some of the wreckage was picked up by the Colonel, but not of it carried any markings to make identification certain, Captain Bedell said.

Freighter Donaldson Safe.

Superior, Wis., Oct. 24 (AP)—The freighter Donaldson, overdue here since Tuesday night, arrived this morning from Apostle Islands, where it had put in to await abatement of the storm which swept the Great Lakes. The Donaldson was loaded with coal.

23 Rescued on Lake Huron.

Sault Ste. Marie, Mich., Oct. 24 (AP)—Twenty-three seamen and officers of the stranded steamer Maple

PIECE OF PLANE LIKE DITEMAN'S IS FOUND AT SEA

Black and Orange Wreckage Indicates Daring Flier Went to Death.

St. John's, N. F., Oct. 24 (by the Canadian Press)—The report from Harbor Grace that the S.S. Kyle had picked up a message from an unidentified ship concerning the finding of airplane wreckage was stated by the Newfoundland management to be without foundation. The management has had no message from the Kyle.

Harbor Grace, N. F., Oct. 24 (AP)—A radio message from "Operator Serrick" of the S. S. Kyle today advised that he had picked up a Marconi message from the S. S. Scythia that another ship, name unknown, had discovered a piece of airplane wreckage at 2 p.m. yesterday. The wreckage was black and orange. The message did not give the ship's position.

The S.S. Kyle is presumably the Newfoundland Government ship of that name.

[The little plane in which Urban F. Diteman essayed to cross the Atlantic from Harbor Grace to London had a black fuselage and its wings were painted orange.]

No Diteman Gas in Greenland.

Copenhagen, Oct. 24 (AP)—Daugaard Jensen, Governor of Greenland, today informed the Associated Press that the Greenland trade never had heard from Urban Diteman, missing flier, and that

High Duty Group Gave $700,000 to Coolidge Drive

Grundy Agrees Rates Went Up Due to His Activities as Propagandist. Favors More Lobbying to 'Carry Out Voters' Wish.'

FOR MORE LOBBYISTS

JOSEPH R. GRUNDY

Eagle Bureau, Capitol Bldg.

By HENRY SUYDAM.

Washington, Oct. 24—Joseph R. Grundy, Bristol, Pa., manufacturer who admittedly has been lobbying in the capital for several decades in the interest of a protective tariff, testified before the Senate Lobby Committee today that he raised $700,000 for President Coolidge's campaign in 1924 and that most of the money came from interests seeking higher tariffs.

He intimated that he was in favor of more lobbying for higher duties.

Please Turn to Page 2.

STOCKS CRASH IN RUSH TO SELL; BILLIONS LOST

Morgan, Mitchell Buying Stocks in Effort to Check Rush to Unload.

Wall Street was in a panic today, with no one to guide it out. Stocks crashed 10 to 50 points to outrageous levels. Wheat broke 10 cents a bushel in Chicago on distress selling. Bankers were offering some support, but admitted the situation had gotten beyond them.

CARNEGIE CHARGE OF PAID ATHLETES

HOOVER'S TRAIN HALTED BY AUTO

WARDER SOUGHT TO KEEP SEA TRIP SECRET, AID SAYS

SOMERS NAMED AS HEAD OF NEW EXCHANGE BANK

Although the Wall Street Crash preceded the Great Depression, Milton Friedman argues that the subsequent economic collapse could have been avoided

© Getty / Icon Communications

"WHILE NOT ALL BANKERS HAD BROKEN THE LAW, THEY HAD LARGELY BEHAVED IN A DECEITFUL, UNSCRUPULOUS MANNER"

Pecora, far left, paved the way for the establishment of the regulatory National Securities Exchange Commission

to the National City Company, in order to buy controlling interest in the Cuban sugar industry. Meanwhile, investor Edgar Brown, who lost everything in the Crash, recalled how National City brokers advised him to convert his $225,000 of government bonds into a National City-managed stock portfolio. When he asked his brokers to sell, amidst the initial decline in stock values, they pressured him to hold out – later refusing to offer him a personal loan, despite offering non-collateral loans to its brokers.

As the commission rolled by, the disgraced bankers painted an ugly picture, one of a banking system built on shocking practices, a system that had allowed 7,000 small banks to collapse, even during the boom of the 1920s. While not all bankers had broken the law, they had largely behaved in a deceitful, unscrupulous manner, knowingly misrepresenting the desirability of securities, investing irresponsibly and protecting insiders, at the expense of outside investors. As far as they were concerned, if a small bank went under, it was not symptomatic of a fundamental flaw in the system, but a matter of survival of the fittest.

The committee published its findings in June 1934, though by this time, Congress had already outlawed some of the most ludicrous practices unveiled during the commission. The Banking Act had separated investment firms from commercial banks, and set up the Federal Bank Deposit Insurance Corporation to protect deposits. As Congress put forward the Securities Exchange Act, members of the public wrote in, lauding Pecora's work and calling for protective legislation. While one wrote, "Your stock market regulations bill is none too severe and perhaps not drastic enough to forever stop this form of daylight and legal robbery," another argued that the bill was "destructive to elemental human liberties – even the liberty to lose one's money in one's own way". President Franklin Roosevelt signed the motion into law on 6 June.

However, appropriating blame for the Wall Street Crash itself was only part of the problem – figuring out why it developed into the greatest economic crisis of the industrial era was another matter entirely. On a technical level, most economic theories are centred on business cycles, such as demand for consumer goods and services. When demand falls too low, manufacturers respond by lowering their own production of machinery, equipment and buildings, resulting in an economic recession, or depression.

Before the Great Depression, classical economics stipulated that the market had a way of balancing itself out, without the need for state intervention. When demand dropped and businesses produced less, they would seek less loans. This would drive the interest rate down, in turn incentivising businesses to borrow and produce more, employing more people, and thereby encouraging consumer spending. During the peak of the Roaring Twenties, jobs were in abundance as industries thrived and cities dished out money on public infrastructure. Consequently, Americans were buying more homes, cars and appliances than ever before. To the government, adopting a laissez-faire policy seemed like a no-brainer.

As early as 1928, the economists William Trufant Foster and Waddill Catchings had warned that when the economy shrank, government intervention would become crucial to ensure that

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PECORA'S LEGACY

Pecora not only exposed the bankers but ushered in legal reform, setting the gold standard for Senate investigations to come

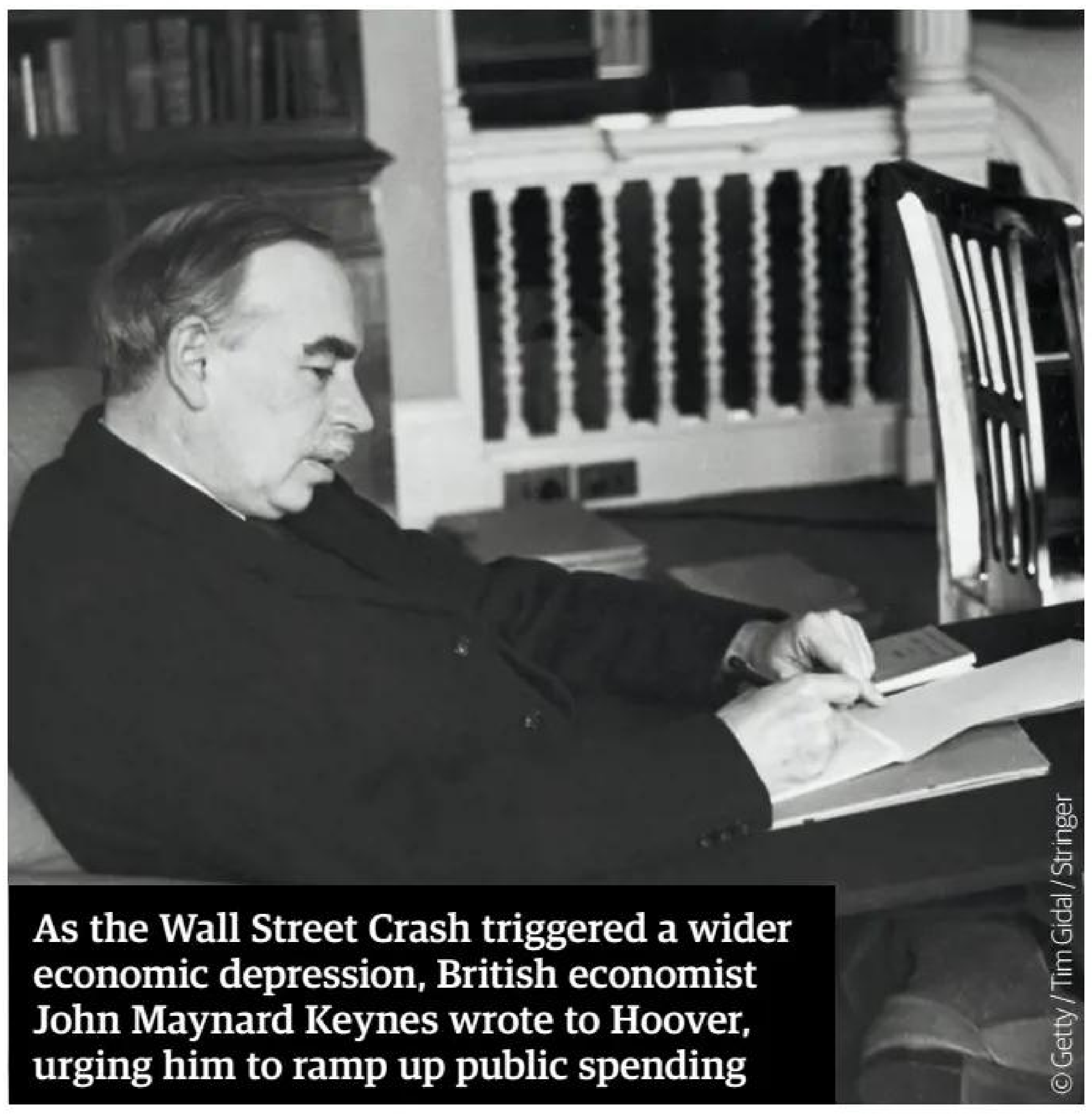
Throughout the course of his investigation, Pecora's sharp wit, dogged pursuit of the truth and relentless drive turned his crusade into a media sensation. Shattering the racial stereotype of Italians as uneducated criminals, he instead came to represent the crucible of justice.

While one detractor called him "three-quarters righteous tribune of the people, one-quarter demagogic inquisitor", another described him as "a police chief who rounds up all the suspicious characters in town to solve a jewel robbery".

His process finally gave the average American the answers their politicians had so far failed to deliver. In the process, he stripped Wall Street of its facade and defrocked its bankers; exposing household names from the highest echelons of power as corrupt fraudsters.

The results of his investigation, published just days before Roosevelt's inaugural address, ushered in a new era of government intervention, such as the Banking Act, separating investment firms from commercial banks and setting up the Federal Bank Deposit Insurance Corporation and the Securities Exchange Act. Lawyer Benjamin Cohen said the elite had been "so discredited in the public eye that Congress was ready to pass anything".

In the process, Pecora's investigation established a groundbreaking precedent, subpoenaing organisations as well as individuals, setting the benchmark for all Senate investigations to come.


As the Wall Street Crash triggered a wider economic depression, British economist John Maynard Keynes wrote to Hoover, urging him to ramp up public spending

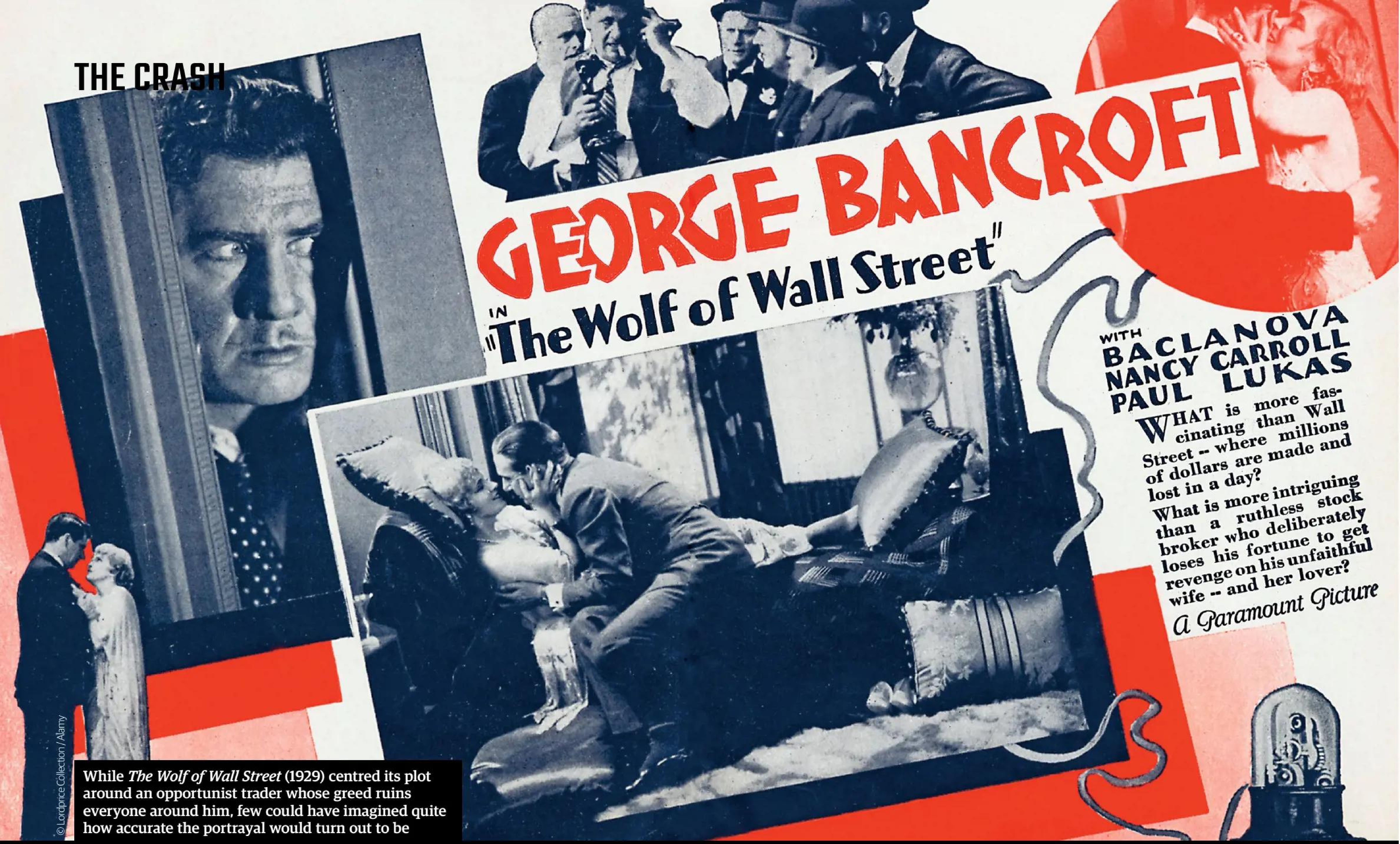
© Getty / Tim Gidal / Stringer

consumers had enough money to buy what was being produced. Many people now owned durable goods like houses and cars, and construction had already peaked. Sure enough, as demand dropped off the next year, businesses reacted by slowing down production.

In October, the stock market crash triggered mass panic amongst investors, who rushed off to liquidate themselves - which only made matters worse. When the banks began to fail in the thousands, this not only wiped out huge sources of borrowing, but many lost their life savings. With the state failing to keep up with the economic crisis, as more and more people lost their livelihoods, they were too busy wondering where their next meal would come from to worry about buying household appliances.

Foster continued to call for more government intervention, arguing that "if war were declared today", at a cost of billions, the country would easily spend its way out of the Depression. However, rather than waiting for war, he encouraged the country to spend money stamping out famine and hardship. Leaving the market to its own devices simply would not work.

Echoing this sentiment, British economist John Maynard Keynes would go on to develop the leading theory behind the causes of the Depression, and what was needed to end it. In 1933, Keynes penned an open letter to Roosevelt; "The trustee for those in every country who seek to mend the evils of our condition." He cautioned that should the president fail in his efforts, "rational change will be gravely prejudiced throughout the world,


GEORGE BANCROFT
IN "The Wolf of Wall Street"
WITH
BACLANOVA
NANCY CARROLL
PAUL LUKAS
WHAT is more fascinating than Wall Street -- where millions of dollars are made and lost in a day?
What is more intriguing than a ruthless stock broker who deliberately loses his fortune to get revenge on his unfaithful wife -- and her lover?
A Paramount Picture

While *The Wolf of Wall Street* (1929) centred its plot around an opportunist trader whose greed ruins everyone around him, few could have imagined quite how accurate the portrayal would turn out to be

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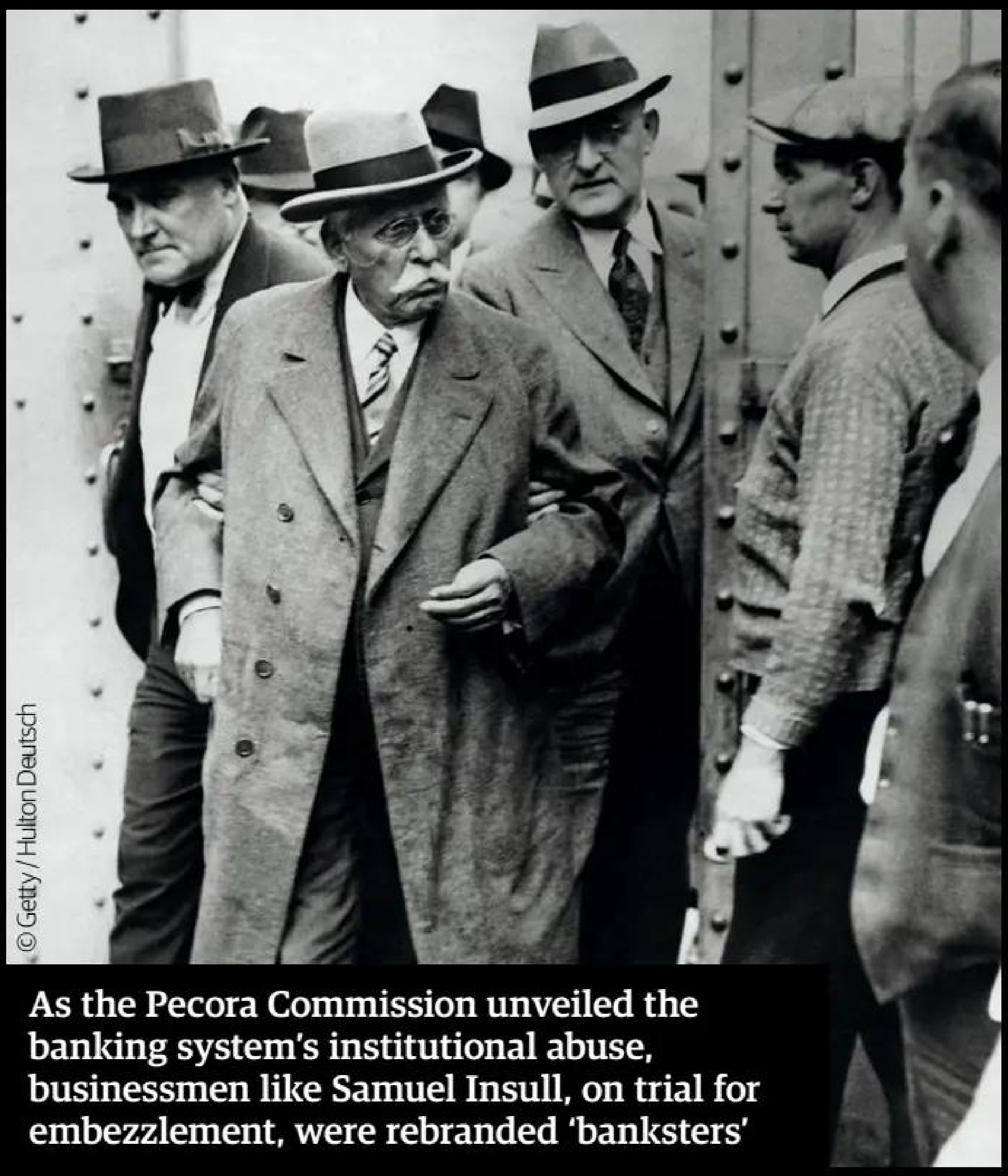
leaving orthodoxy and revolution to fight it out". In a private letter, he issued a sterner warning, not to take lightly the risk of damage to the prestige of progressive causes and democratic countries. He listed a series of recommendations, built around government stimulus packages for consumption and private capital formation.

In 1936, Keynes fleshed out his economic theories in *The General Theory of Employment, Interest, and Money*. In the wake of the crash, he argued that the government's lack of intervention, instead deferring to the Federal Reserve, had caused the economy to worsen.

Without state support, mass unemployment would continue to perpetuate itself, with ever-declining demand pushing businesses to cut production, in turn axing jobs and further lowering consumption. He advised the government to roll out enormous public spending programmes to subsidise the drop in demand and production, financed not through borrowing from the Federal Reserve central banking system, but by creating new money.

While the government substantially raised taxes in 1932 to ease the budget deficit, Keynes argued that it should in fact lower taxes, to incentivise business. Although Roosevelt did not spend enough to put this theory into practice, the Depression would continue through the 1930s, only easing when the Americans ramped up their military expenditure in the build-up to World War II, which, to many, vindicated Keynes' approach.

After the war, Keynesian economics became the accepted standard, underpinning government economic policy across the world. However, in 1963, a new approach was proposed by Anna Schwartz and radical free market theorist Milton Friedman. The pair refuted the 'Keynesian' approach, instead suggesting that the true cause of the Great Depression had not been a lack of demand itself, but a lack of money. This 'Monetarist' theory attributed blame not to the federal government, but to the Federal Reserve – which started raising interest rates in early 1928, discouraging borrowing and ushering in a decline in production. As the economy began to nosedive, the Federal Reserve raised interest rates again in 1930 and 1931.



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As the Pecora Commission unveiled the banking system's institutional abuse, businessmen like Samuel Insull, on trial for embezzlement, were rebranded 'banksters'

Congress first established the Federal Reserve in 1913 to make sure that the banking system was never brought down by a 'run' on the banks, triggered by customers withdrawing all their money at once. In times of panic, the Fed was to ensure banks always had an ample supply of cash to meet demands. However, once panic set in and the banks began to collapse, the Federal Reserve instead refused to support banks it felt would not be able to repay, wiping out deposits and hence depressing demand for goods and services.

Friedman and Schwartz claimed that the Great Depression continued beyond 1933 because bankers, terrified that the Fed would not rescue them in times of trouble, refused to issue all but the safest of loans. To make matters worse, when the economy hinted at a slight recovery in 1936, the Reserve raised interest rates once again, to combat the risk of inflation.

Aside from these two leading schools of thought, there are many other interpretations. While the economist Paul Samuelson traces the Great Depression to "a series of historical accidents", Joseph Schumpeter attributes it to a string of economic cycles all bottoming out at once. In his memoirs, Hoover himself argued that the Great Depression stemmed not from the Wall Street Crash, but rather from Europe in World War I – claiming that the European financial crash of 1932 was what actually pushed the recession into the Great Depression.

This is reflective of another school of thought, known as the International View, one that stipulates that the Great Depression was not of

The relentless Pecora stripped the banking world of its shiny facade, revealing an ugly underbelly of greed and deceit

© Getty / Bettmann

American origin and design, but just one part of a larger international downslide. In their 1992 book *Golden Fetters: The Gold Standard and the Great Depression, 1919-1932*, Barry Eichengreen and Harold James attribute the Great Depression to the European return to the gold standard following World War I.

In the 19th century, most developed nations had agreed to adopt the gold standard, to set up fixed currency exchange rates against one ounce of gold. This meant that if international businessmen wanted to purchase goods from other countries, they could either buy gold in their local currency and pay with that, or they could buy foreign currency at a fixed price. However, gold also served to limit how much money banks, who used gold as collateral, could loan out. When gold stocks were depleted, banks had to scale back on issuing loans, which in turn meant there were less funds available for businesses, lowering production, employment and consumption.

After World War I, the amount of gold being discovered was not enough to keep up with the world's needs, prompting many nations to temporarily abandon the standard, instead stocking up on US dollars and British pounds. When they readopted the gold standard in the mid 1920s, at the same exchange rates, some countries struggled to maintain enough production to earn gold back in their own currencies. Germany, for example, was buried beneath a mountain of war reparations.

In May 1931, as Austria's largest bank began to flail, customers rushed to withdraw their deposits before exchanging their Austrian currency for gold, supplied by the Austrian government reserves. When Austrian banks began to run out of gold, they were forced to stop lending, leading to the collapse of businesses across the country and mass unemployment. Desperate, the government decided to simply stop honouring its gold standard, freezing foreign-owned assets and advising citizens to leave their money in the bank. This move triggered a landslide, with customers cashing out their funds from banks across Europe, and other governments then following Austria's lead in abandoning the gold standard and freezing gold exchanges.

> **"BANKS SCALED BACK ON LOANS, WHICH MEANT LESS FUNDS FOR BUSINESSES, LOWERING EMPLOYMENT AND CONSUMPTION"**

Before long, worried the United States would soon follow suit, investors started withdrawing all their money from American banks too. The Federal Reserve continued to operate in accordance to the gold standard, raising interest rates to entice foreign investors and discourage them from withdrawing commodities. However, this was a double-edged sword, leading to less borrowing, increased business closures, job losses and eventually, banking failures. The economy would only begin to recover, the International theory argues, after Roosevelt used the powers of the Emergency Banking Act of 1933 to abandon the gold standard, devaluing the dollar.

Determining the true leading cause of the Depression is akin to deciding which came first, the chicken or the egg. However, there are some institutional issues and faults that are common to all of them. The gross excesses of the banking system, unveiled by the Pecora Commission, paint a telling picture of the reckless nature of 'capitalism' during the unsustainable boom of the 1920s. When demand began to drop off, instead of intervening, the state simply left the market to its own devices.

Unfortunately, with the Federal Reserve refusing to do what it was designed to do, and bankers busy protecting their own interests, once the stock market collapsed, confidence was quickly shattered, leading to mass panic. As everyone liquidated their wealth, banks folded, life savings were wiped out, businesses shut down and before long there was neither the money nor demand to sustain a recovery. The Fed raising interest rates only served to compound these problems, further discouraging borrowing and investment as the entire world became engulfed by economic collapse – one that would take the deadliest war of all time to overcome.

MILTON FRIEDMAN

A radical economist, Friedman devoted his long life to education and liberal philosophy

Nobel laureate, Milton Friedman, said helping to abolish conscription was among his proudest achievements

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Born in New York to poor Ukrainian-Jewish immigrants in 1912, Milton Friedman studied maths and economics before obtaining a Master's at Chicago University and a PhD from Columbia. During World War II, he worked on tax policy at the Treasury, before serving as a mathematical statistician for the military, and advising the agency rolling out the Marshall Plan. However, his true passion lay in education, teaching at the University of Chicago from 1946 to 1977.

In his 1962 book *Capitalism and Freedom*, he expressed his liberal worldview, one that called for a volunteer army, and the abolition of medical licenses, negative income tax and education vouchers. Although he won a Nobel Prize for his contribution to economic theory in 1976, he counts among his proudest achievements his work in abolishing conscription in the United States.

As an advisor to Reagan and Margaret Thatcher, his economic theories had an enormous influence on American and British public policy throughout the 1980s – as the two countries attempted to overcome the high inflation and unemployment of the decade prior, through mass deregulation. He worked until the day he died in 2006, at the age of 94, with his final piece published in the *Wall Street Journal* the day after his death.

THE SMOOT-HAWLEY TARIFF ACT

A harsh tariff on imported goods spelled disaster when the rest of the world responded in kind

Words Joe Ford

R.I.
S.C.
S.DAK.
TENN.
WASH.
W.VA.
WIS.
WYO.
IOWA
KANS.
KY.
LA.
IDAHO
ILL.
IND.
TEX.
UTAH
VT.
D.C.
VA.
MAINE
MD.
MASS.

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Hawley and Smoot stand behind the huge baskets containing petitions for the reduction of federal income tax in December 1929

Horses, after thousands of years of being the main source of agricultural power, had been largely replaced by motorised trucks and tractors. Electrification unlocked unimaginable power, and productivity was at a level never seen before. All of this happened not over the course of a century, but a decade. The Roaring Twenties had changed the world in record time, but signs were showing of the decade of prosperity coming to a close.

Production began to overtake market demand, and the increase in wages didn't keep pace with the huge increase in productivity gained from modern technology. Overproduction and underconsumption set in. Europe's recovering agricultural economy post-World War I threatened the American agrarian sector. Prices of food and farm produce declined as worldwide production increased. As the demand and price of farming goods fell, the American agricultural sector faced falling exports.

In other sectors, such as manufacturing, both imports and exports were increasing, but the latter were increasing faster, putting American businesses in a favourable position. Naturally they sought even faster growth and profit. The US already had the 1922 Fordney-McCumber Act, which meant tariffs were already quite high on imports - Europe had retaliated in the past and objected to these, but it hadn't hurt America much economically so far.

Seeing the obvious building problems in the agricultural sector and pledging to help the farmers, Herbert Hoover's presidential campaign included a mandate to raise tariffs on agricultural goods in 1928 to attempt to reduce imports and raise demand. The idea was that making goods more expensive to import would cause

Hawley (left) and Smoot (right), the co-sponsors of the act

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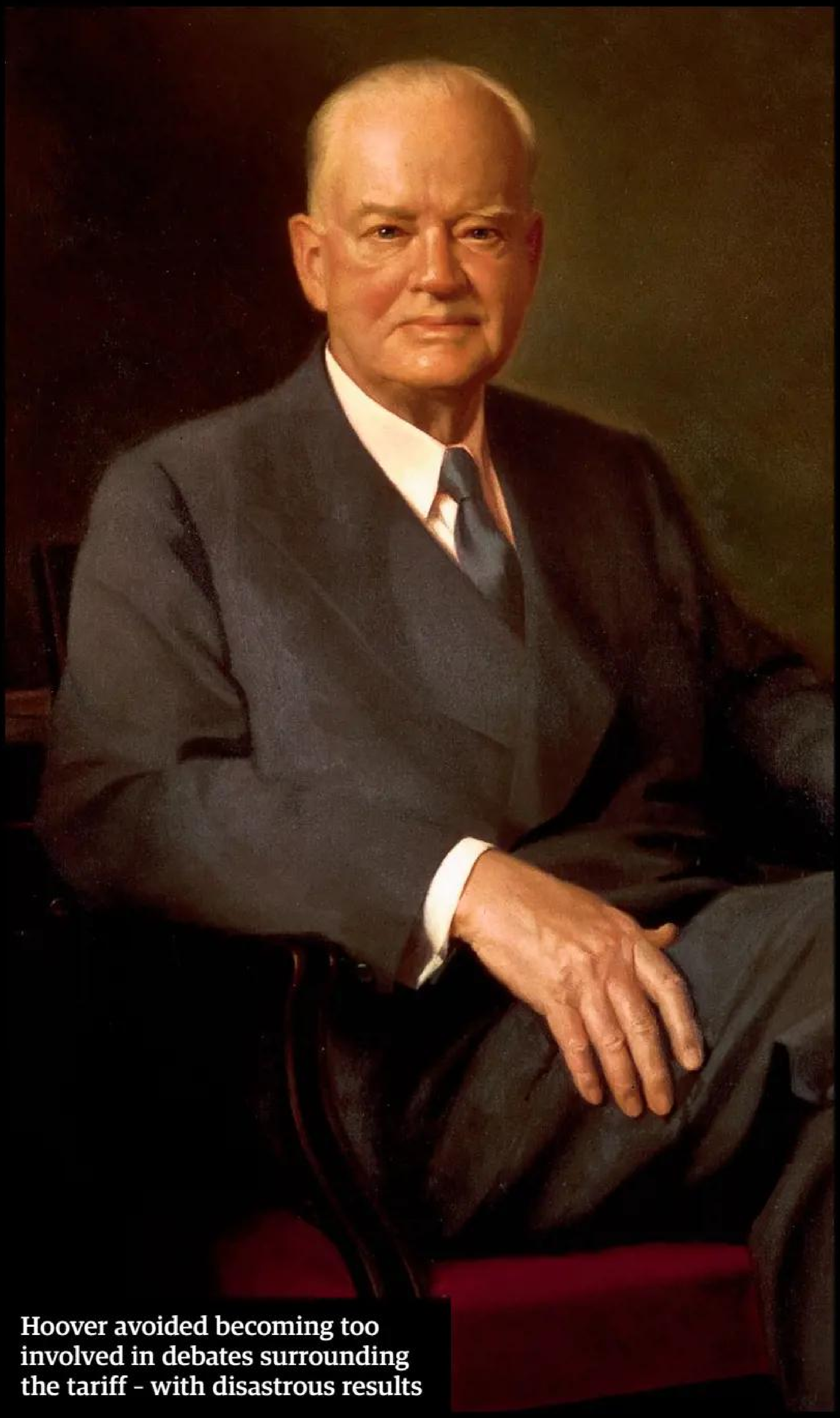


Hoover avoided becoming too involved in debates surrounding the tariff – with disastrous results

homegrown goods to become cheaper and the preferred option, creating jobs and fair prices for American suppliers.

Reed Smoot, a Republican from Utah and chairman of the senate finance committee, reacted to the start of the Great Depression by championing a tariff increase that became the Smoot-Hawley Tariff Bill, co-sponsored by Willis C Hawley, a Republican from Oregon and chairman of the House Ways and Means committee.

After a successful campaign, newly elected President Hoover called Congress for an increase in tariffs on agricultural goods and proposed a 'limited revision' of the tariff on agricultural imports with the goal of raising rates and boosting prices. He then distanced himself from the resulting debates, a move that led to Republican protectionists taking control, pushing the farm issues aside and seizing the opportunity to raise industrial tariffs to new heights.

The resulting Smoot-Hawley Tariff Act, named after its chief sponsors, introduced tariffs on a much larger number of foreign imported goods. Its formal title was the United States Tariff Act of 1930. A petition containing 1,028 economists' signatures was raised asking Hoover to veto the bill, calling it 'economic stupidity', and Hoover himself had great concerns. He called it "vicious, extortionate and obnoxious", but gave in to pressure from his own party and business leaders. The bill narrowly passed in the Senate on 13 June 1930 but passed easily in the House of Representatives, finally – and reluctantly – getting signed into law by Hoover.

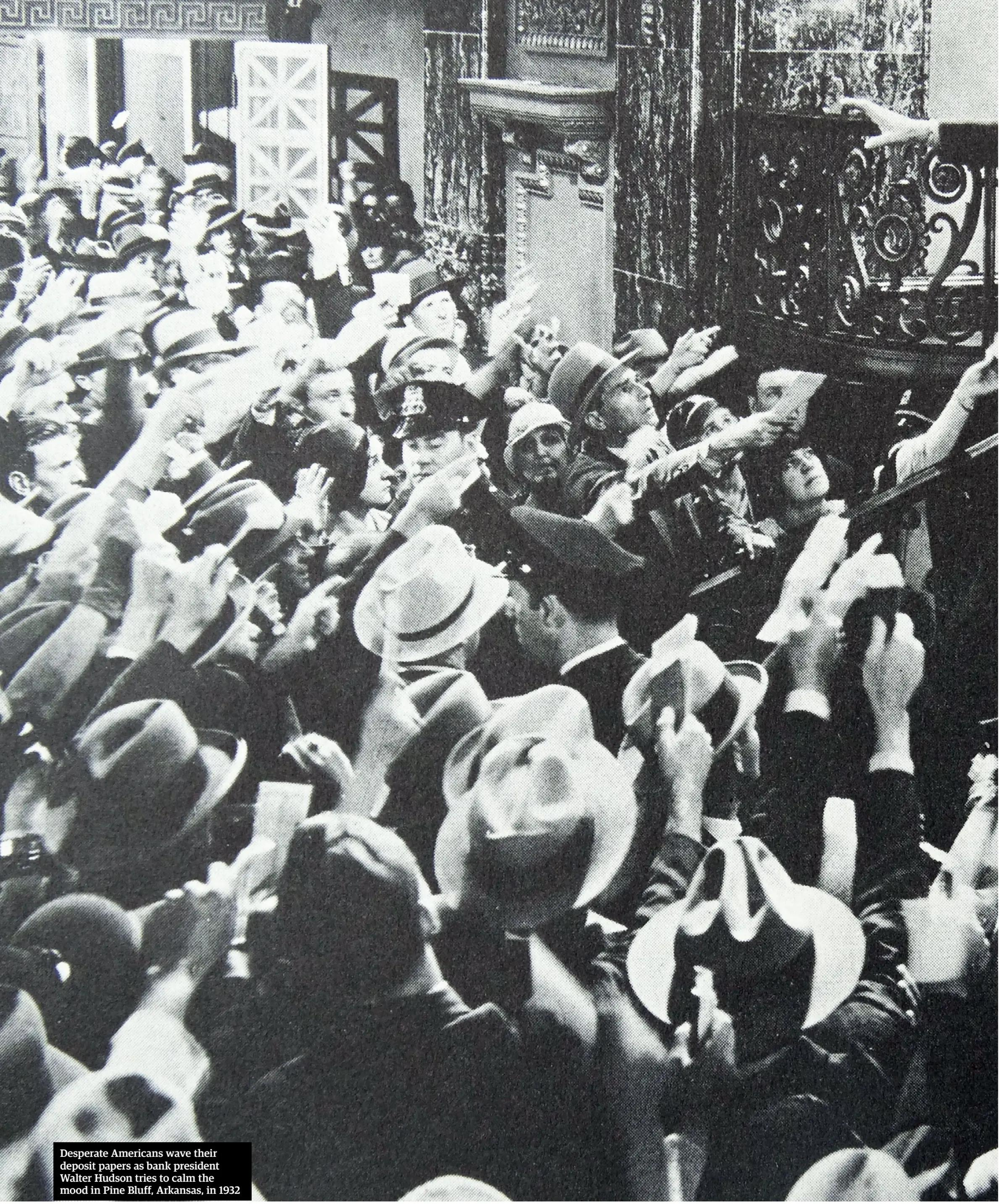
As expected, countries raised their own tariffs in retaliation as soon as the bill became law. The introduction of the Tariff Act is widely believed to have contributed to worsening the effects of the Great Depression. Globally, foreign governments began to retaliate, and many overseas banks failed. It's even speculated that the worldwide disruption contributed to the rise of extreme governments, including Adolf Hitler in Europe.

Due to the widespread effects of the Great Depression, figures must be estimated, however, economist Douglas Irwin estimated that it raised duties an average of 22.7 per cent, and the relative price of imports increased by 5.8 per cent. Ultimately the consumers paid these additional taxes. Within two years retaliatory tariffs caused damage to the world economy as a whole, reducing American trade to Europe by two-thirds between 1929 and 1932.

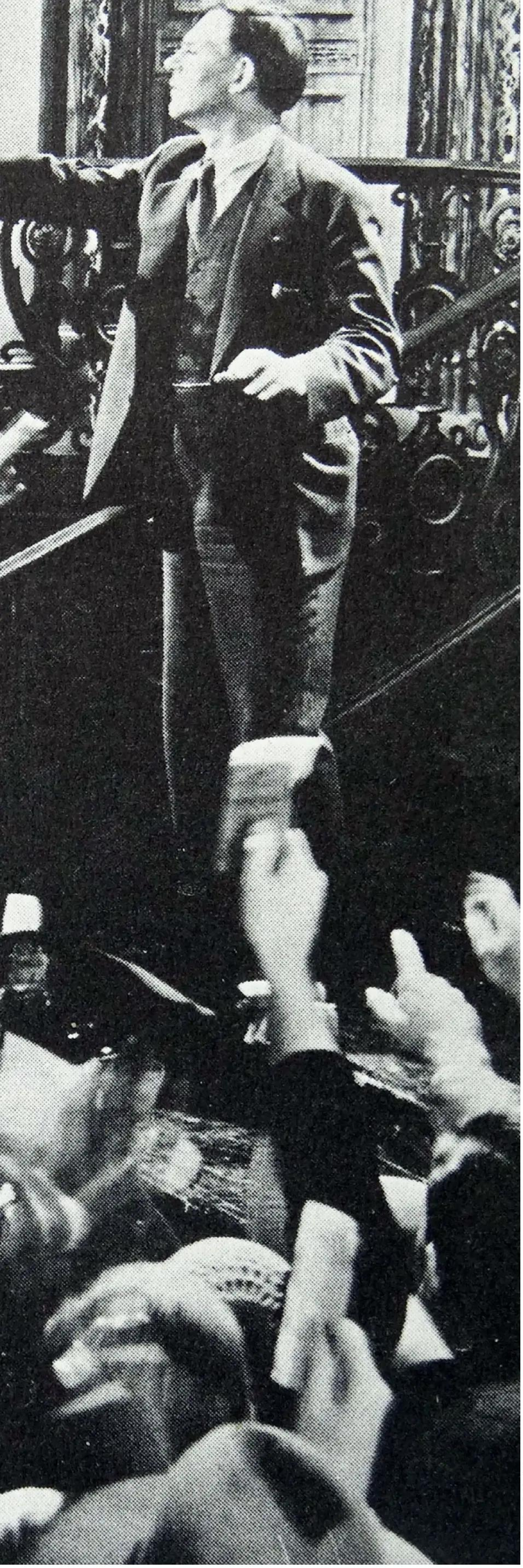
Both Smoot and Hawley received a clear message when they failed to be re-elected, and the situation only began to improve when Franklin D Roosevelt was elected as president in 1933. Roosevelt began dismantling the tariffs, killing the Tariff Act in 1934 when he signed the Reciprocal Trade Act, reducing tariffs and extending willingness to trade and cooperate with foreign governments. In time the damage was mitigated when the United States supported the General Agreement on Tariffs, the NAFTA North American Free Trade Agreement and the World Trade Organization.

Today the US Senate website describes Smoot and Hawley's act as "among the most catastrophic acts in congressional history". It's perhaps a pretty fair assessment.

"A PETITION CONTAINING 1,028 ECONOMISTS' SIGNATURES WAS RAISED ASKING HOOVER TO VETO THE BILL"



Desperate Americans wave their deposit papers as bank president Walter Hudson tries to calm the mood in Pine Bluff, Arkansas, in 1932



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BANKING PANICS

When depositors feared banks were going bust, they queued in droves to withdraw their cash - with devastating results

Words David Crookes

On 19 August 1931, a cartoon by John T McCutcheon appeared in the *Chicago Tribune* and perfectly summed up the mood of Americans affected by the failure of their country's banks. He had drawn an unemployed man sitting on a bench with no food to offer a squirrel in front of him.

"But why didn't you save some money for the future when times were good?" the squirrel asks of the dishevelled yet smartly dressed man labelled a victim of bank failure. "I did," the man replies, completing a poignant exchange that deservedly earned McCutcheon a coveted Pulitzer Prize.

For if there was an overwhelming feeling among the white middle-class citizens of the United States during the Great Depression, it was despondency over a now-seemingly misplaced trust they had placed in the banking system. To save and make sacrifices had been thought of as the responsible thing to do. Now many had nothing.

It was a far cry from 1920, when the American banking sector was a healthy one. There were 30,909 state and national banks that year, and the failure rate was low. As the 1920s wore on, however, more and more were failing or being suspended: 506 were troubled in 1921, 366 in 1922 and 646 in 1923. There was a high point in 1926 when 975 banks failed, and the figures show a yearly average of 634 failures or suspensions throughout the decade. Yet even those figures were nothing compared to what was to come.

The stock market crash of October 1929 had made people jumpy. Folks were questioning whether banks were the safest place for their money, and confidence was low, with less money being spent. At the same time, people were hoping that it would merely be a repeat of what had happened before. There had been contractions of

WHY DID THE FEDERAL RESERVE ALLOW MAJOR BANK FAILURES?

A top American economist argued the Great Depression was in part caused by poor policy by the Federal Reserve

Anyone who had invested in the failed New Jersey Title Guarantee and Trust Company was told the Federal Deposit Insurance Corporation was protecting up to $5,000 of their money

© Getty/Bettmann

As the United States' central banking system, the Federal Reserve was created by Congress in 1913 to maintain financial stability. Should there be a bank run, it was supposed to act as a lender of last resort, but when public banks were failing during the Great Depression, it was instead seen to stand by.

According to Nobel laureate Milton Friedman, a reluctance to lend money to small banks was a major contributor to the Great Depression. The resulting series of bank runs in the South and Midwest therefore spread and the Bank of the United States was brought down, sparking a huge crisis.

Although the Federal Reserve Bank of New York sought to save it, it could not get the backing of other banks. Some rivals didn't like the name, believing it portrayed the privileged status of a bank owned by the government. They also opposed a suggestion that the bank merge with others and threw out the idea of a guarantee fund that would keep deposits safe.

Such a move backfired. But as subsequent runs took place, the Federal Reserve still did not act. It could have bought government securities to inject more cash into the system, yet it instead allowed the quantity of money available to fall for four years.

The poor response from the Federal Reserve led to the setting up of the Federal Deposit Insurance Corporation in 1933. Initially intended to be temporary, it took on the responsibility the Federal Reserve was assumed to have had by insuring deposits up to $2,500 and later increasing that limit to $5,000. Knowing that the government had their back, people were less likely to clamour for cash.

the economy in 1920, 1923 and 1926, but recoveries had always proven swift.

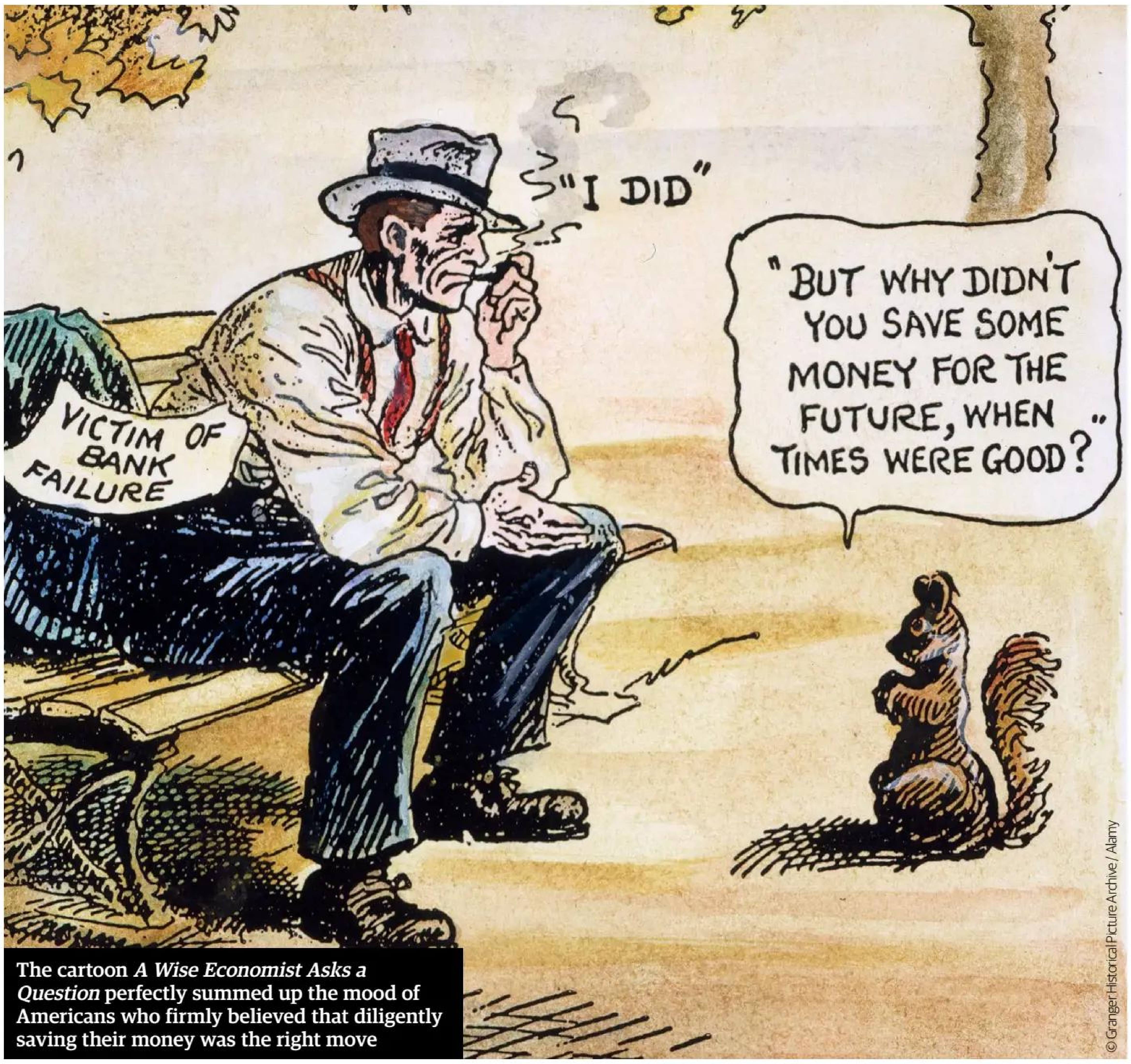
This time around, the casualties were big. The largest bank in Tennessee, Caldwell and Company, whose principle subsidiary was the Bank of Tennessee, collapsed in 1930, and it set off a chain reaction of dozens of further failures across the South. This caused great panic as people rushed to other banking institutions to remove their deposits, leading to even more collapse and the state losing some $7 million. That, however, was only part of the first of four periods of bank runs.

Such runs are a nightmare for financial institutions, mainly because of the way they conduct their business. They don't generally have enough resources to cover mass withdrawals, particularly if they are not members of the Federal Reserve banking system, which, as the name suggests, at least offers access to reserves.

During this period only 8,000 of the 24,000 banks were members, so to survive they had to liquidate loans at great speed and sell assets at a great loss. The banking panics therefore became self-fulfilling prophecies since the people who worried a bank was going to run out of money made withdrawals in such great numbers that they actually pushed it into insolvency.

As each bank endured a run, hundreds - often thousands - of people would congregate outside

Interestingly there were very few reports of trouble, as most depositors calmly queued to make withdrawals knowing time was limited


"I DID"
"BUT WHY DIDN'T YOU SAVE SOME MONEY FOR THE FUTURE, WHEN TIMES WERE GOOD?"
VICTIM OF BANK FAILURE

The cartoon *A Wise Economist Asks a Question* perfectly summed up the mood of Americans who firmly believed that diligently saving their money was the right move

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"BANK DEPOSITS WERE UNINSURED, SO FAILURE WOULD HIT FAMILIES HARD"

a branch building. Images from the time show men and women patiently waiting and talking, presumably about the state in which America found itself. They would queue before dawn in the hope of being able to withdraw their money before the bank had no more to give. The big fear was that they would run out – bank deposits were uninsured, so failure would hit families hard.

On 10 December 1930, a crowd of up to 20,000 gathered outside the Bank of the United States' branch on the corner of Freeman Street and Southern Boulevard in the Bronx, New York City. The bank had been founded in 1913 by the Lower East Side garment manufacturer Joseph S Marcus and was unconnected to the government.

A report in the *New York Times* suggested that a small merchant had sparked rumours the bank was refusing to sell his stock in the institution, and the ensuring fears that it was in trouble saw as many as 2,500 depositors withdrawing an eye-watering $2 million by the end of the day.

Other long lines were formed outside other branches, and it ended up closing the following day. Given it never reopened, and since it was the fourth largest bank in the United States, it became the largest bank failure at that time. Hundreds of thousands more depositors tried to get their money back in the subsequent days, leading to anger in the streets and arrests. Of the 400,000 deposits held by the bank, 20 per cent went unpaid.

Many experts suggest that this bank run was the true start of the banking panic, even though 256 banks had failed the previous month. Certainly, it wasn't long until a second and third wave of bank runs blighted the economy. If onlookers felt it was bad enough that 1,352 banks failed with $853 million in deposits, they were in for a shock.

That's because the bank runs in the spring and autumn of 1931 contributed to a terrible year in which 2,294 banks failed with $1.7 billion in deposits. The second wave took place between April and August, particularly hitting the Chicago Federal Reserve District, where panic saw a particular run on the banks in June. Indeed, the Chicago area suffered some of the United States' highest failure rates, and only 35 of the 193 state banks in 1929 made it through to 1933. Not all were caused by panics, but a sizeable number were.

Banks in Toledo, Ohio, were hit hard in August 1931, and the third wave followed between September and October. The United Kingdom abandoned the gold standard on 21 September 1931, which helped the country recover from its own crisis with sterling that year, but there were small panics in Chicago, Pittsburgh and Philadelphia.

Images show hundreds of people waiting to withdraw money from the Erie National Bank of Philadelphia at the intersection of Sixth and Erie Avenue, although the bank survived until 1935. Others were not as lucky. Half of the city's commercial banks had failed by 1933.

In order to try and halt the crisis, the administration of President Herbert Hoover – who had tried to avoid direct federal intervention and refused to follow other countries in abandoning the gold standard – created an organisation called the National Credit Corporation.

Its aim was to convince the largest surviving banks to loan money to those that were failing, but it largely fell on deaf ears. The majority of the big banks felt the failing banks to be insecure, and if loans were provided then the failing banks had to allow their most valuable assets to be used as collateral. It was no surprise to see the National Credit Corporation collapse within a couple of years, and so it was that a fourth wave of bank runs took place from the autumn of 1932 through to 1933.

The Midwest and West were most affected this time around, and hasty solutions were sought. In Louisiana a single-day bank holiday was declared for 4 February 1933 so that the city's third largest bank, Hibernia, could halt a run and gather $24 million in currency from the Federal Reserve System and the Reconstruction Finance Corporation set up by Hoover to provide liquidity to the banking system.

To do this, governor Oscar K Allen and Louisiana Senator Huey Long had to look for a good reason, deciding that the 16th anniversary of the severing of diplomatic relations with Germany was sufficient to declare a holiday. When the bank opened again on Monday, Long popped along and deposited $12,000 as a show of confidence.

Such interventions were helpful, but it wasn't until Franklin D Roosevelt was inaugurated as president on 4 March 1933 that things began to rapidly improve. There had been a month-long run on the banks, and that day 32 of the 48 states had closed their banks, but Roosevelt shut the lot on his second day in office. The Emergency Banking Act on 9 March then allowed him to determine when the banks should open and close. His desire was to keep them closed until they were deemed solvent by a federal inspection.

On 12 March 1933, he delivered an address by radio from the President's Study in the White House explaining the banking system. "Your government does not intend that the history of the past few years shall be repeated," he said. "We do not want and will not have another epidemic of bank failures."

The following day 12 Federal Reserve banks opened, followed by those in cities with federal clearing houses. Others then opened from 15 March, and depositors queued to return the cash they had been hoarding. Roosevelt also abandoned the gold standard and ordered private gold to be exchanged for dollars, while strong banking reforms came in the guise of the 1933 Banking Act in June which prohibited commercial banks from engaging in the investment business.

As such, slowly but surely confidence in the banking system began to return, and the banking panics and runs became a thing of the past. The economy was still suffering, and unemployment increased, but the banking system's integrity was restored. "I can reassure you that it is safer to keep your money in a reopened bank than under the mattress," Roosevelt had told the people. And they did just that.

Franklin D Roosevelt sought to resolve the crisis by temporarily closing insolvent banks until they could be deemed financially sound. Some never reopened

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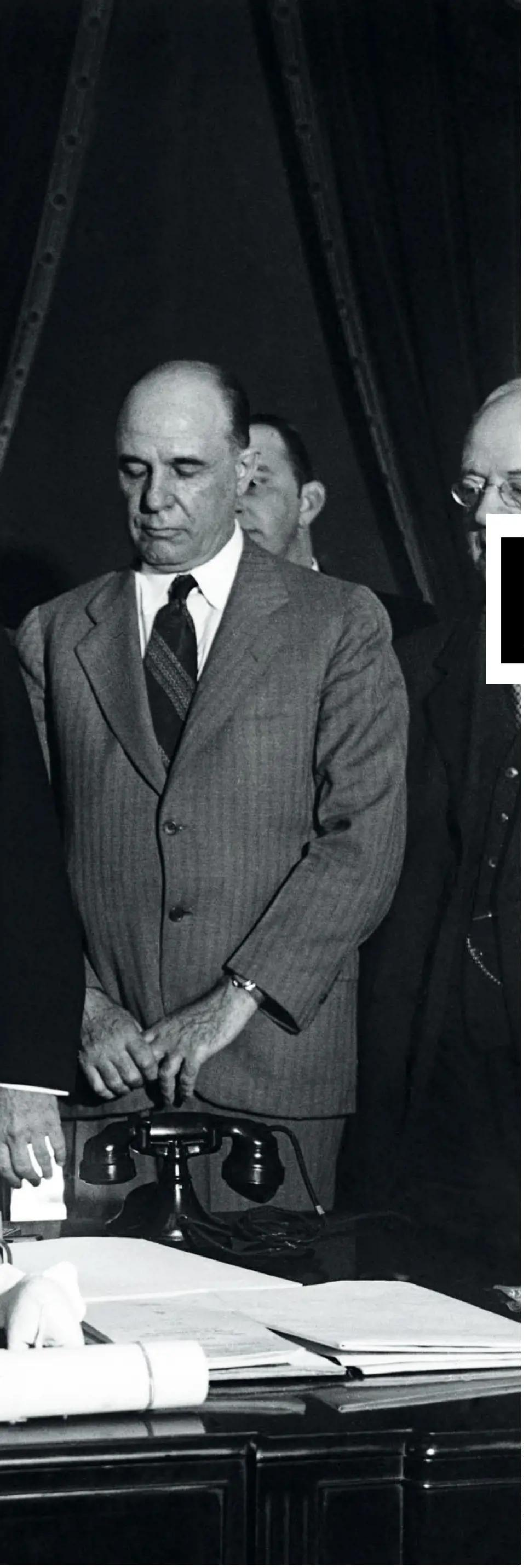
Roosevelt signed the act into law on 16 June 1933



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THE GLASS-STEAGALL LEGISLATION

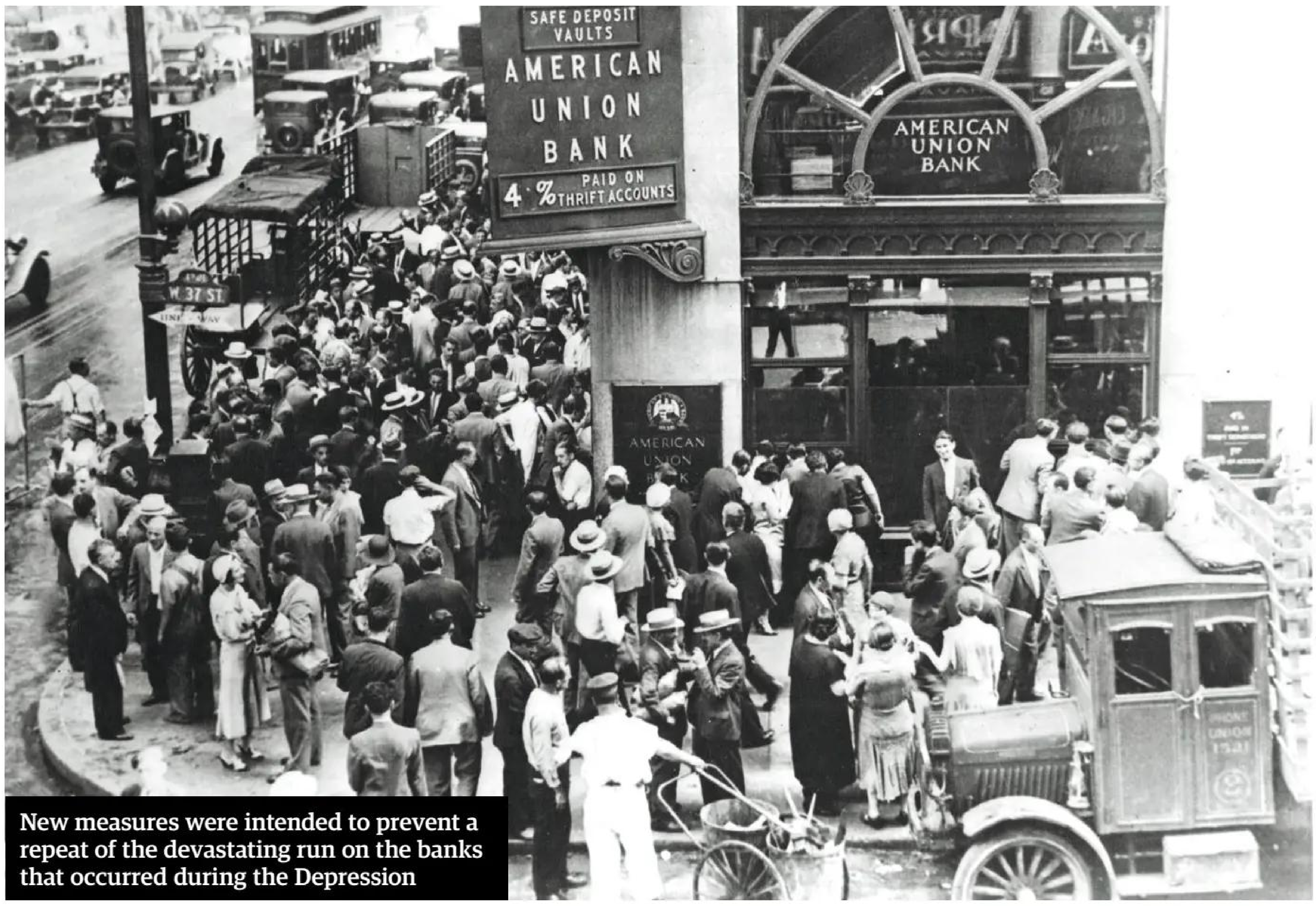
In the aftermath of the Great Depression, people cried out for a change to the financial industry. The Banking Act was the American government's response to that call

Words Catherine Curzon

In 1933, as the world reeled from the echoing and catastrophic impact of the global Great Depression, the United States of America was among those counting the highest cost. The stock market crash in 1929 had been shattering for the country and had left the once-buoyant American economy in tatters. The banking industry was licking some very deep wounds that had affected not only those who moved in the risky but rewarding financial world, but had also shaken public trust in the way the nation's finances were handled by bankers and stock market players.

The people of America and the government alike were looking for someone to blame for the crash and were keen to take measures to ensure that it couldn't happen again. The obvious candidate for the blame were the commercial banks, who had taken risks with the money their trusting investors had deposited. In the long term these risks didn't pay off and led to the economic disaster that was the Great Depression.

When people deposited their hard-earned cash with both local and national banks, it simply hadn't occurred to them to imagine that the banks would do anything other than look after their money and keep it safe. Instead, the banks were busy doing what banks at the time did. They took the money that their customers had deposited and speculated


New measures were intended to prevent a repeat of the devastating run on the banks that occurred during the Depression

Henry Steagall's conditional support ensured that the legislation was eventually passed into law

with it, playing the markets in the hopes of massive returns. When banks invested in companies they encouraged their clients to follow their lead and do the same, regardless of whether those companies were financially viable or not. Often the banks had commercial interests in the investments and they loaned money to customers that the customers then invested as they were directed. If the investment failed, the banks could come after their customers to repay the loan. The only person who stood to lose out was the customer. Whatever happened, they had no choice but to repay the loan to the bank.

Trusting the banks not to mislead them, investors blindly followed their investment recommendations, adding fuel to a fire that would one day burn out of control. As more and more risks paid off, more and more risks were taken until, inevitably, things went horribly wrong. When the Depression swept across the nation people went to withdraw their savings only to discover that the money they had deposited wasn't protected at all. Instead it was gone. As word spread this led more and more people to try to withdraw their money before it was lost. This led to a run on banks that were unable to meet the demands of the public and pay out what savings had been deposited. Countless thousands of people lost their life savings and the banking industry faced ruin, with thousands of banks closing across America, leaving the public $400 million in the red.

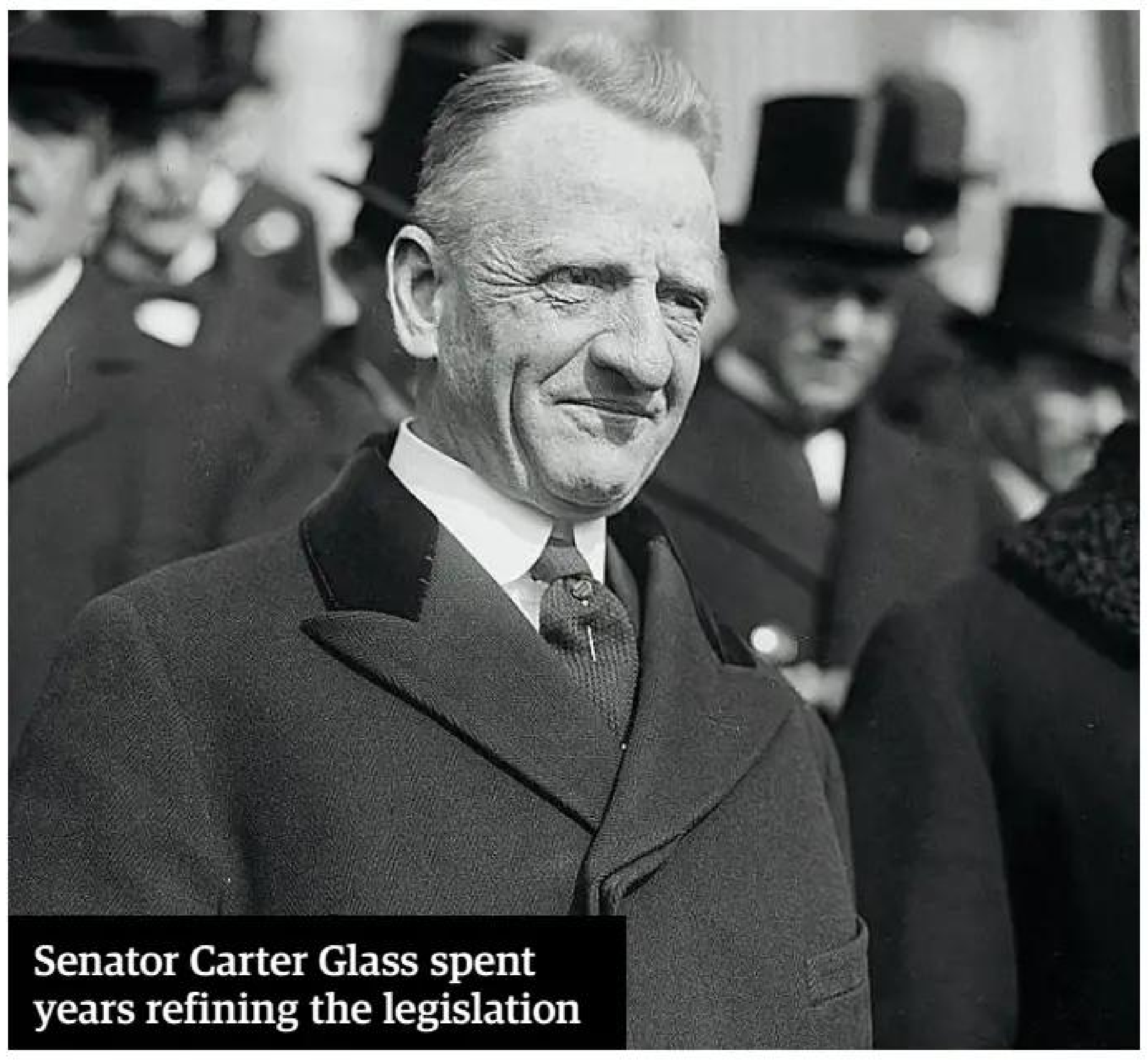
As the world reeled and industries and economies teetered on the brink of complete collapse, people began asking how they could ensure that nothing like this could ever happen again. Only now did they understand the realities of the financial world and it became obvious that, though catastrophic damage had already been done, measures must be put in place to ensure that history couldn't repeat itself. In a world where public money that had been deposited into commercial banks was put at risk in the cutthroat world of investment banking, it was clear that something must be done to divide the two interests and stop banks from using money from their commercial interests in their investment arms. Investment bankers would no longer be allowed to play fast and loose with the money deposited in commercial banks, and the Glass-Steagall legislation aimed to ensure that this was enshrined in law.

The Act began as the brainchild of Carter Glass, a Democrat senator from Virginia. Glass had a long history of economic interests and was highly experienced in the financial sector, having previously served as secretary to the treasury. In 1930 he introduce a bill – named the Glass Bill – which aimed to prohibit the potentially dangerous combination of commercial and investment banks. The bill went to and fro for two years, but the general flavour of it never changed. Its intention was to place strict regulations on commercial and investment banking as well as to introduce a raft of other reforms to the financial industry, all of them aimed at protecting deposited money.

The bill bounced back and forth between the Senate and financial professionals as it was shaped and refined. Between them, the experts and Glass crafted an act that would establish a clear division between commercial banks, who had the responsibility for depositing customer money and issuing loans, and investment banks, who were responsible for the sale of stocks and bonds. In doing so, it was hoped that the former would no longer have any interest in advising customers to deposit loans in risky stocks held by the latter, which they had previously done without declaring any conflict of interest. If the company failed, the bank had lost nothing as it had effectively invested in itself, and the individual customer would still have to pay back the loan. This mutual feeding arrangement of the two sides of the industry would henceforth be forcibly kept apart by the bill.

Despite a raft of safety measures to protect money from misuse by the bankers, notable among the bill's omissions was deposit insurance for banking clients. This provision would ensure that the government would protect banks and the money deposited in them in the event of another slump, but Glass resisted. He believed that this provision would only be of real value to small, local banks. As a firm supporter of large national concerns, he saw little value in protecting these smaller operations and in the two years of the bill's planning and refinement, deposit insurance remained off the table.

The bill gained support from Henry Bascom Steagall, a Democrat member of the House of Representatives from Alabama who, as chair of


Senator Carter Glass spent years refining the legislation

the House Banking and Currency Committee, was another man with proven experience and a long-standing interest in financial matters. Steagall agreed to throw his weight behind Glass' bill on condition that the notably absent deposit insurance was included. This controversial measure established the Federal Deposit Insurance Corporation, in which all banks paid into a fund that would be used to protect deposits of $2,500 and below. The public were delighted but the industry less so. The larger banks believed that they would end up subsidising smaller banks, who should be allowed to fail if necessary.

Steagall requested another change to Glass' provisional bill when it came to deadlines. The bill gave the banks five years in which to comply and separate their commercial and investment interests, but Steagall suggested that this deadline be reduced to one year. This too was accepted.

On 16 June 1933, President Franklin D Roosevelt signed the United States Banking Act of 1933 into law. The Glass-Steagall legislation formed an important plank of this sweeping new act. Banks now had 12 months to decide whether they would specialise in commercial banking or investment banking and to take appropriate steps to divide the two completely. No longer could investment banks accept deposits, and no longer could commercial banks invest customer money in securities. Any income commercial banks received from investments could not exceed more than ten per cent of its total income unless the bonds were government-issued. It was a small concession and one that did little to benefit the banks themselves.

From the smallest local banks to the largest national firms, all were subject to the new legislation and the same 12-month deadline to put it into action. Those who worked in the financial sector were appalled. They believed that the act was a kneejerk reaction to the Great Depression and that its provisions went too far. It was limiting and restrictive, they complained, but ultimately there was nothing they could do but go along with the new laws. As time passed, however, banking professionals began to find workarounds that enabled them to dodge some of the legislation's rules. Only banks that were part of the Federal Reserve System were subject to the Banking Act, but those firms could own and invest in affiliated companies that weren't part of the Federal Reserve and subsequently weren't required to conform to the provisions of the Act. Wherever there was a loophole, they exploited it to their benefit.

It wasn't only the financial services industry that believed the new measures were too restrictive, though. Surprisingly, in 1935 Carter Glass himself looked back at his own bill and decided that it went too far. He attempted to repeal some of its measures, but his efforts were unsuccessful. For years the Act was argued and interpreted not only by industry professionals, but in the courts and Congress too. In its efforts to control the industry, the Banking Act inflamed it. The arguments would continue for decades.

"INVESTMENT BANKERS WOULD NO LONGER BE ALLOWED TO PLAY FAST AND LOOSE WITH THE MONEY DEPOSITED IN COMMERCIAL BANKS"

The public clamoured for reform to the banking industry

WHAT HAPPENED NEXT?

As the world changed, so did the economic policy of the United States, going beyond the Glass-Steagall legislation

When Bill Clinton signed the Gramm-Leach-Bliley Act into law, banks could once again pursue commercial and investment opportunities

As the banking world changed and grew, the terms of the Glass-Steagall Act began to seem more and more restrictive and the financial industry pushed back against it. With banking a huge and immensely wealthy industry, it constantly exerted its weight and influence to exploit loopholes in the Act. More and more courts upheld the banking world's interpretations of the Act, all of which went in the favour of the banks.

With worldwide finance growing, American banks argued that they couldn't hope to compete against foreign securities firms and in the booming years of the 1980s, Congress finally set the ball rolling to repeal some of the Act's provisions. It was the beginning of the end for the Act.

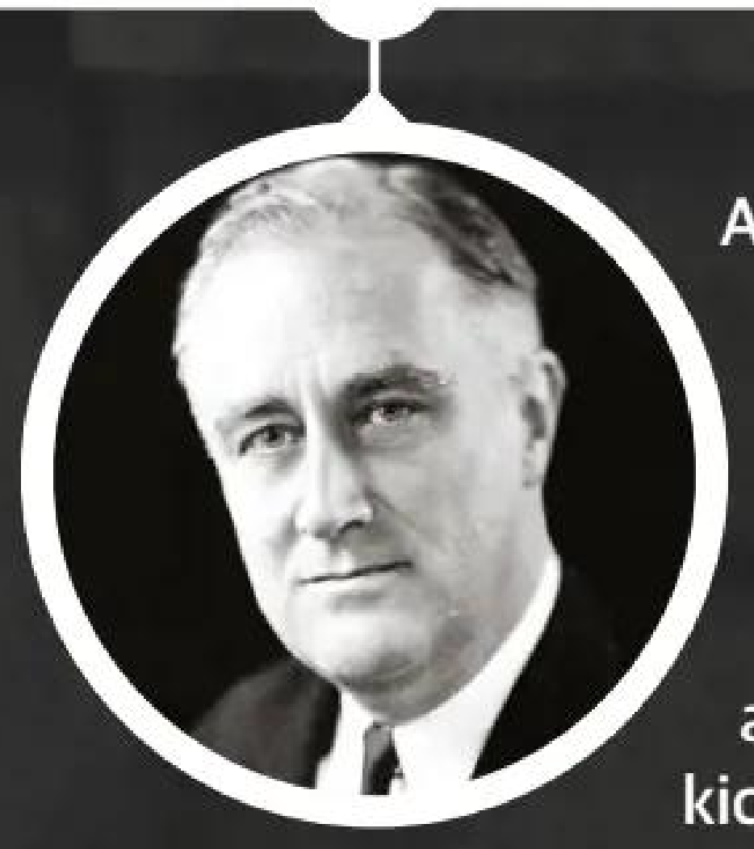
In 1999 President Bill Clinton signed the Gramm-Leach-Bliley Act into law. This repealed major provisions of the Glass-Steagall legislation and once again banks could dabble in the world of investment and commercial banking, as well as insurance. Within a decade a recession hit the United States and legislators attempted to restore the Glass-Steagall provisions again and bring the industry under control. Though their efforts were unsuccessful, this controversial Act was in the headlines once more.

BLUFFER'S GUIDE
THE NEW DEAL

UNITED STATES, 1933-1939

TIMELINE

4 MARCH 1933



As soon as Roosevelt enters office, he begins orchestrating a huge array or legislative reforms and programs to kick-start the economy.

9 MARCH 1933

W YORK TIMES.

Delaware Is Last to Ac

Special to THE NEW YORK TIMES

DOVER, Del., March 4.—A
holiday "until further notice"
declared tonight in Delaware,
last of the forty-eight States
which restrictions have been ma
Governor Buck, who is in Wa
ington, telephoned the procla
tion to State Bank Commissi
Harold W. Horsey, saying
with "the temporary suspens
anking business over the c
m left with no alterna
ke action to protect
nd their depo

Within a week of taking office, Roosevelt signs the Emergency Banking Act to stabilise the American banking system and avoid further failures. It proves a great success.

5 APRIL 1933

Due to the new Civilian Conservation Corps, over 3 million unemployed Americans are brought onto a new paid program to maintain forests.

9 NOVEMBER 1933

Much like the CCC, the Civil Works Administration employs over 4 million unemployed civilians to build roads, schools and more.

DID YOU KNOW?

The New Deal didn't restart the economy as fast as Roosevelt had hoped, so he began a more radical plan known as the Second New Deal in 1935

WHAT WAS IT?

In the wake of the Great Depression – a catastrophic economic recession triggered by the stock market collapse of 1929 – the New Deal was a series of federal reforms aimed at rebuilding the economy of the United States. It was a vast and many-headed political program that was designed to do everything from re-energising agriculture to placing safety measures on the scuttled banking system that had led to the Wall Street Crash in 1929. Masterminded and spearheaded by president Franklin D Roosevelt, the New Deal lasted for eight years of his presidency and fundamentally repaired the divide between the State and the people.

Boiled down to its purest ideals, the New Deal was built upon the foundation of three key principles: relief, recovery and reform. Roosevelt wished to provide relief to the poorest demographics of the country, instigate a recovery for industry and agriculture, and reform the banking system that had ultimately crippled the country in the first place. As its architect, Roosevelt's 'fireside' public addresses during this period became a voice of hope to struggling Americans.

WHAT WERE THE CONSEQUENCES?

For Herbert Hoover, who served as president from 1929 to 1933, the Wall Street Crash and the genesis of the Great Depression was merely an economical phase that would eventually pass. He believed that no real federal intervention was needed and that it was "a passing incident in our national lives". However, the economy failed to recover and a lack of reform or government-aided relief efforts saw the country slip further and further into financial mire.

Delivering on a key tenet of his campaign for the White House, Hoover's successor would start orchestrating a series of multiple reforms within days of taking office. Forming the crux of his presidency over the next eight years, what would become the New Deal was designed to rebuild America's domestic economy, help support the poorest parts of the country and stop such a calamity from every repeating itself in the future.

WHO WAS INVOLVED?

Franklin D Roosevelt

30 January 1882 – 12 April 1945

The architect of the New Deal, Roosevelt supported the reform through the 1930s and World War II before his death in 1945.

Dr Francis Townsend

13 January 1867 – 1 September 1960

The Townsend Plan was a popular pension proposal during the Great Depression that influenced the Social Security Program.

Huey P Long

30 August 1893 – 10 September 1935

Both a Louisiana governor and senator, Long was a key advocate for the redistribution of wealth during the Great Depression.

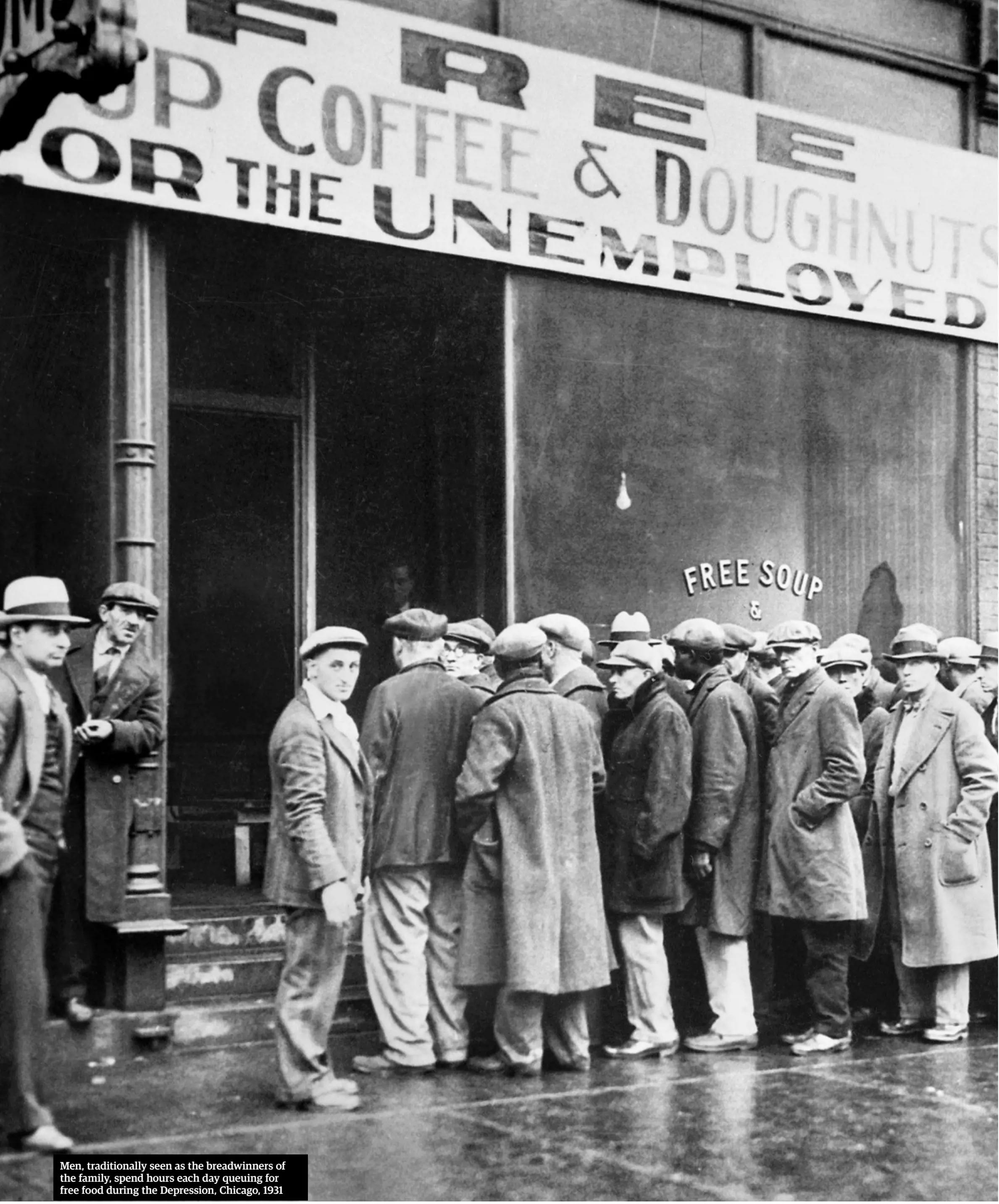
8 AUGUST 1934

Roosevelt orchestrates the plan to build a canal that not only provides irrigation water across the country, but also sets the stage for hydroelectric power.

12 APRIL 1945

Roosevelt dies from a cerebral brain haemorrhage. The legacy of the New Deal would long outlive him, and many of its reforms still exist in American law to this day.

© Look and Learn


FREE
SOUP COFFEE & DOUGHNUTS
FOR THE UNEMPLOYED
FREE SOUP
&

Men, traditionally seen as the breadwinners of the family, spend hours each day queuing for free food during the Depression, Chicago, 1931

© Everett Collection Historical / Alamy

LIFE GOES ON

The Great Depression was epoch-marking and often devastating, but aside from those unfortunates who took their own lives, it didn't mean the end of the world

Words Sean Egan

For the unemployed in the Depression, the day would start with the search for a job. The experience could be humiliating where it wasn't merely frustrating. The jobless would line up at factories and shipyards in the hope that managers or foremen would materialise to make that magic announcement, "Men Wanted". The number of jobs on offer, of course, would be a small fraction of the people milling hopefully around. Fights frequently ensued to get to the front of the queue.

By midday, therefore, the quest for work – the thing that had gotten people out of bed and out the house – had in many cases been abandoned. As the spirit deflated at the lack of opportunities, the mind turned to the task of filling the rest of one's waking hours, especially for those living without home comforts, such as the inhabitants of 'Hoovervilles'. Libraries had never seen such trade, although their warm environs were often more the source of their attraction than the books on their shelves.

Mortification wasn't only the currency with the unemployed. Those fortunate enough to be in work learned to accept low remuneration and petty injustice as part of their lot, frequently reminded by their bosses that if they slackened, there were plenty willing to take their place.

For either the employed or unemployed, part of the day was often taken up with crime. Resistance to law-breaking was to some extent breaking down, especially among parents desperate to feed their children. There may have been little talk of revolution, but many more people than before saw acts of petty crime as justified, whether it be shoplifting or putting 'jumpers' on electricity meters. Then there was what might be termed

© Getty / Fox Photos / Stringer

Boys attend a camp hosted by the Kent Scouts for those whose fathers were unemployed. Opportunities for experiences such as these were limited for many as families struggled in the Depression

moral crime, such as the non-religious professing to believe in a deity in order to take advantage of the food and shelter offered by the likes of the Salvation Army. The sinister contrast to such victimless crime was mugging and robbery: people had to guard their pay packets carefully on their way home at the end of a working week.

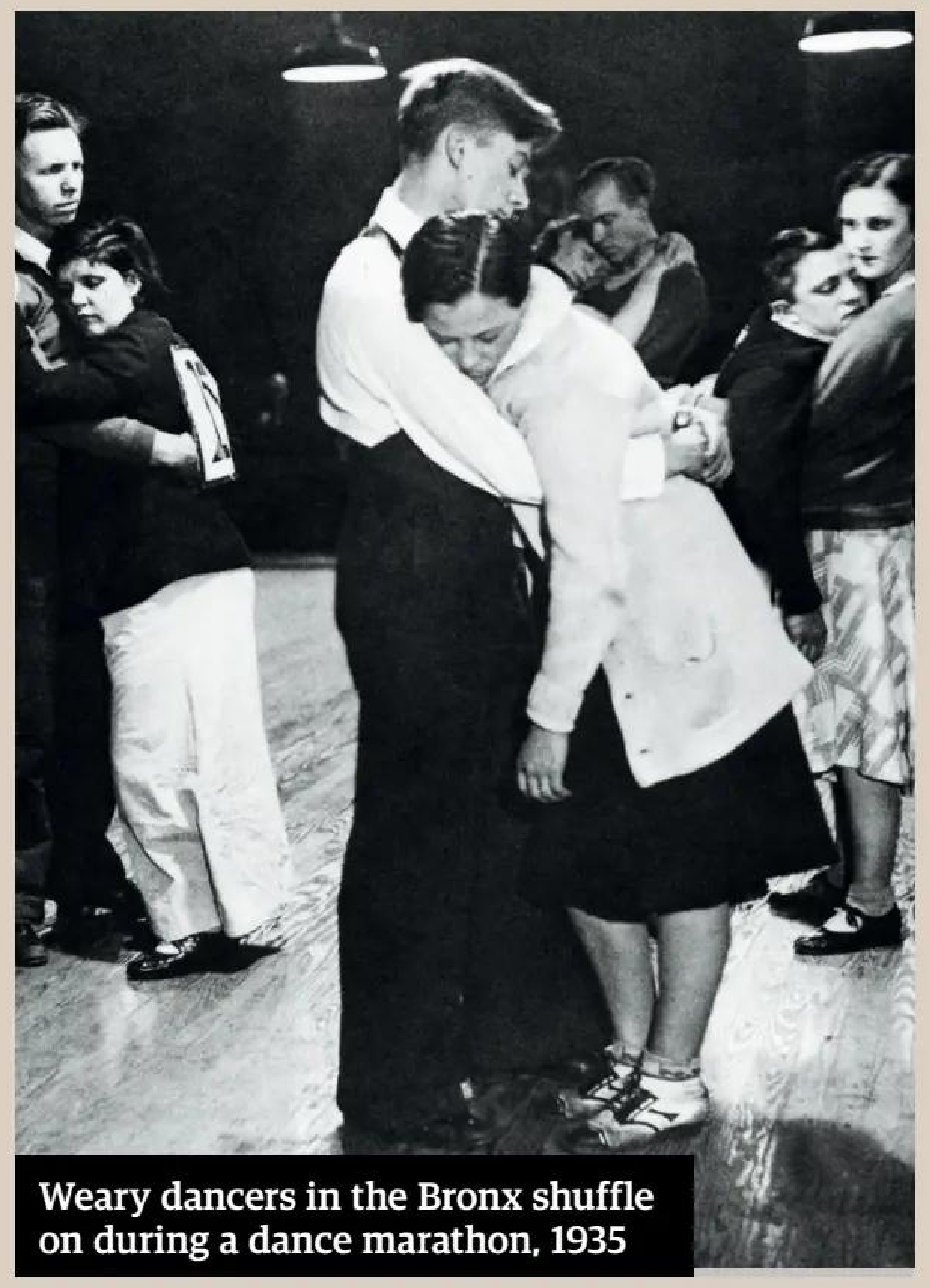
Crime, though, was never the widespread menace that people got the impression it was. The exploits of the likes of Bonnie and Clyde assumed an artificial significance by virtue of the fact of being disseminated via the mass media, then still new. In reality they were in a small minority, and society remained orderly.

Pawning, bartering and begging became everyday methods of negotiating one's way through life. Payment in kind was accepted because clients had no other means of paying. There was a thin dividing line between begging and using soup kitchens. Visiting the latter became a routine occurrence for many. Those parents too proud to accept charity themselves would send along their children, knowing that kids had a less ingrained sense of shame.

Another new but regular activity was growing one's own produce. This, though, was not the hobbyism of working an allotment, but the maintaining of kitchen gardens as a means of obtaining food one didn't always have the money to buy. Making or repairing clothes also boomed. The poor didn't simply wear handed-down clothes any more, but had to devote parts of their week to fashioning cardboard soles for their worn-out shoes and sewing underwear from potato sacks.

While it might be assumed that sex was unaffected by the Depression – even increased as people sought solace from their problems – birth rates began declining across the developed world. In part this was down to less sexual activity, but it was also down to contraception being used more frequently. Families were wary of the idea of another mouth to feed, especially as most families were already larger than they are today. Marriage rates also declined, with people hesitant to make plans for the future when that future looked so uncertain.

Psychological health was poor. A rite of passage for children is realising that their parents are not infallible, but that cognisance frequently came a lot sooner in the Depression as youngsters observed that mother and father seemed as helpless as babes at their circumstances. Moreover, men were increasingly feeling emasculated. The female workforce actually expanded during the Depression. In a society where gender roles were rigidly demarcated, it was only women who



Weary dancers in the Bronx shuffle on during a dance marathon, 1935

© Granger Historical Picture Archive / Alamy

DANCING WITH TEARS IN MY EYES

How the public turned to dance for diversion, and even food

Visits to dance halls enabled people to foxtrot, tango and waltz their Depression troubles away. Many people also attended dance marathons. Essentially endurance tests, they involved couples attempting to dance non-stop for days, providing income for the organisers, who charged people to watch.

Couples had the chance of winning big money should they be the last pair standing, but the grim reality was that some took part simply because organisers were required to feed them. The phenomenon was immortalised by novelist Horace McCoy in *They Shoot Horses, Don't They?*, later adapted into a celebrated 1969 film with Jane Fonda.

were prepared to take up posts as secretaries and telephone operators. While the additional household income was welcome, mens' status as breadwinners was undermined. This, though, was not necessarily reflected in divorces, which were still socially taboo and economically expensive. Either husbands simply abandoned wives or couples remained under the same roof in strained circumstances.

While births declined, death by suicide was on the rise, whether it was the spectacular and fabled plummets from Wall Street windows or countless quiet demises that never made the headlines involving foreclosed farmers or laid-off factory workers who could see no end to their plight. Taking one's own life was sometimes made actively palatable by insurance policies that would provide security for spouses and children. Debilitation was often just around the corner. Health was jeopardised because of the reluctance of people to visit a doctor, which in many countries carried a fee. Meanwhile, there were frequent faintings on public transport from sheer hunger.

For many, there simply was no daily routine. There was much itinerancy, especially among teenagers who were uncomfortably conscious that they were another mouth for their families to feed. People wandered in search of seasonal work or train-hopped to the big cities where employment was theoretically more plentiful, with married men sending money home and even every so often visiting their families.

Another thin dividing line was the one that lay between itinerancy and homelessness. Vagrancy was a criminal offence in some countries, and people could get fined or jailed for sleeping rough. While incarcerating such people might seem a false economy, in fact, in prison they would often be put to work, thus providing free farming or manufacturing labour for their government.

In the US the increase in wanderers gave rise to the famous Hobo Code, whereby the homeless would helpfully chalk symbols on houses to indicate to people in the same predicament whether the inhabitants were hostile or generous to rough sleepers knocking on the back door.

Entertainment-wise, radio was the people's primary source of entrainment. Soap opera, music and variety were popular, although the panic induced by the most notorious radio broadcast of the era – Orson Welles' pseudo-journalistic 1938 adaptation of *The War of the Worlds* – accidentally tapped into the foreboding in the American psyche.

The popular songs played on the radio – and, if one was fairly solvent, the gramophone player – were escapist: the likes of social commentary like *Brother, Can You Spare A Dime?* were far outnumbered by feel-good creations such as *We're in the Money*. The upbeat tones of swing music predominated from the mid 1930s onwards.

A photo of destitute pea-picker Florence Thompson by Dorothea Lange in California. The Great Depression was damaging to the health of families, both physically and psychologically

Curiously, while the 'flickers' boomed at this juncture in the UK, where cinema attendances peaked at 990 million in 1939, they went into something of a decline in the States. Going to the movies was still massively popular Stateside – cinema, after all, was a rapidly developing art form, with 1927 having seen the advent of 'talkies' – but over a third of the nation's cinemas closed between 1929 and 1934. Americans instead turned to cheaper forms of entertainment like board games and miniature golf. Movie fare, again, tended not to dwell on the current situation, being oriented toward musicals and romances.

Although declining in popularity, what the British called music hall and the Americans vaudeville was still a live draw, albeit one mutating into variety. It would continue to be so until the dawn of television.

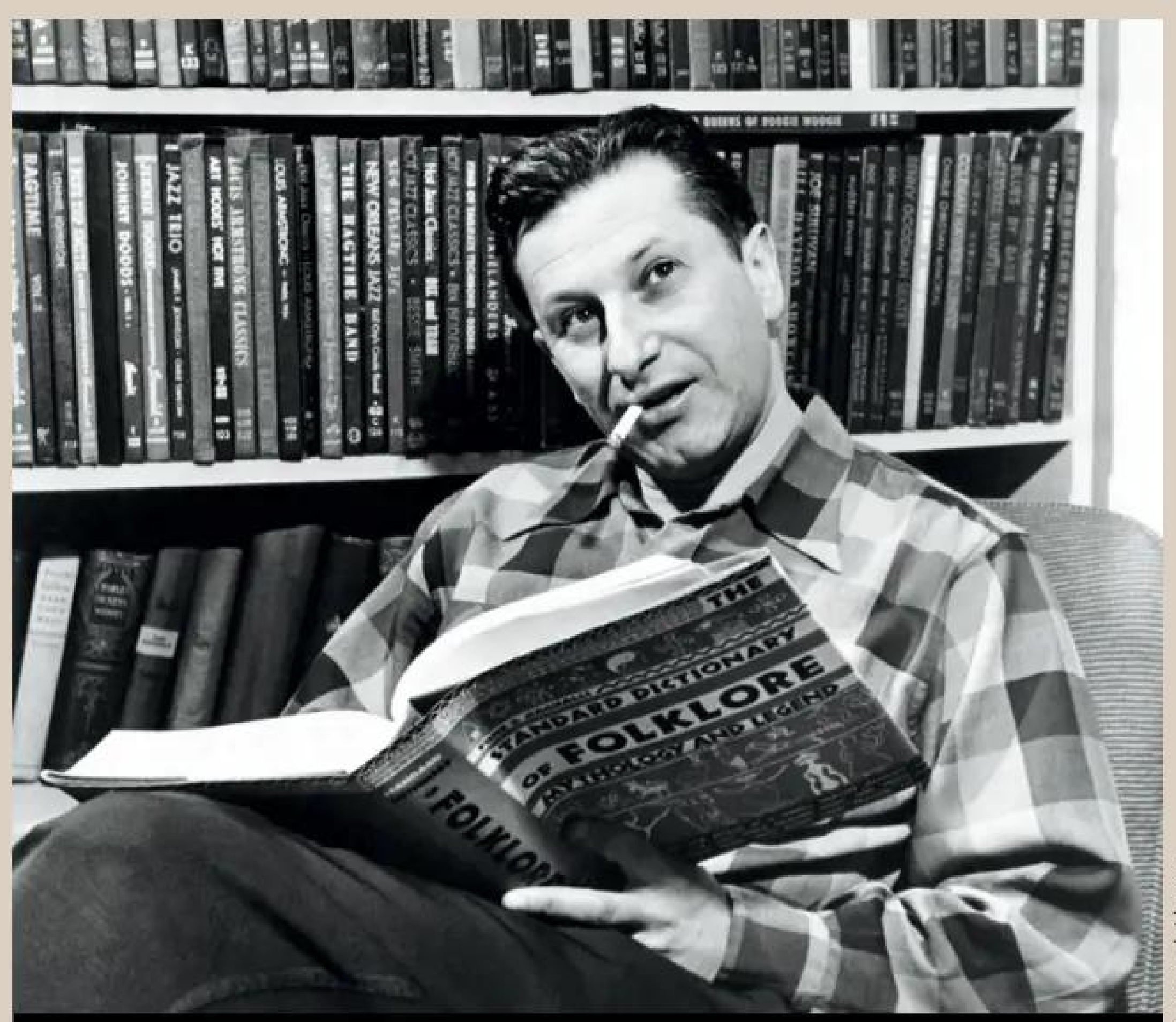
Sporting events provided diversion, especially, of course, if one's team was victorious. In the UK, then, as now, the national game was soccer. The existence of the maximum wage meant most football players were on the same economic footing as the people who cheered them on. Although things were different in classless America, sport there was not unaffected by the Depression. In baseball attendances fell by 40 per cent between 1930 and 1933, and players had to swallow average salary cuts of 25 per cent. Meanwhile, bicycle racing – a stadium sport very popular in the 1920s – went to the wall and never came back.

Reading was still a major leisure activity across society, even if in the case of the working classes it often took the lamented form of pulp magazines and sensationalist newspapers.

There was also more elevated prose around. Naturally, the terrible events of the world leaked into it. The likes of James T Farrell's *Studs Lonigan* trilogy, John Steinbeck's *The Grapes of Wrath*, Walter Greenwood's *Love on The Dole* and George Orwell's non-fiction *The Road to Wigan Pier* were bleak mirrors of the current reality, but at the same time a comfort to those going through it in assuring them that reality was understood. They now provide for posterity a valuable, detailed picture of a world gone wrong.

OLD HABITS DIE HARD

In a flatlining economy, people learned to economise – they never unlearned it


THE STANDARD DICTIONARY OF FOLKLORE

Studs Terkel, who collected an oral history from ordinary people alive during the period, revealed how the Depression shaped a generation

© Glasshouse Images / Alamy

"These kids amaze me today. I mean, they're smokin' and a bus comes, and they throw away the whole butt. I can't. I gotta … put it in my pocket." So said refuse collector Frank Czerwonka to Studs Terkel in the latter's acclaimed history, *Hard Times: An Oral History of the Great Depression*.

What is remarkable is that Czerwonka was speaking at the turn of the 1970s. His observations indicate how the scarcity and unobtainability endemic of the Depression ingrained lifelong habits of thrift. Such penny-pinching greatly amused Depression veterans' grandchildren, who had never known anything but relative affluence.

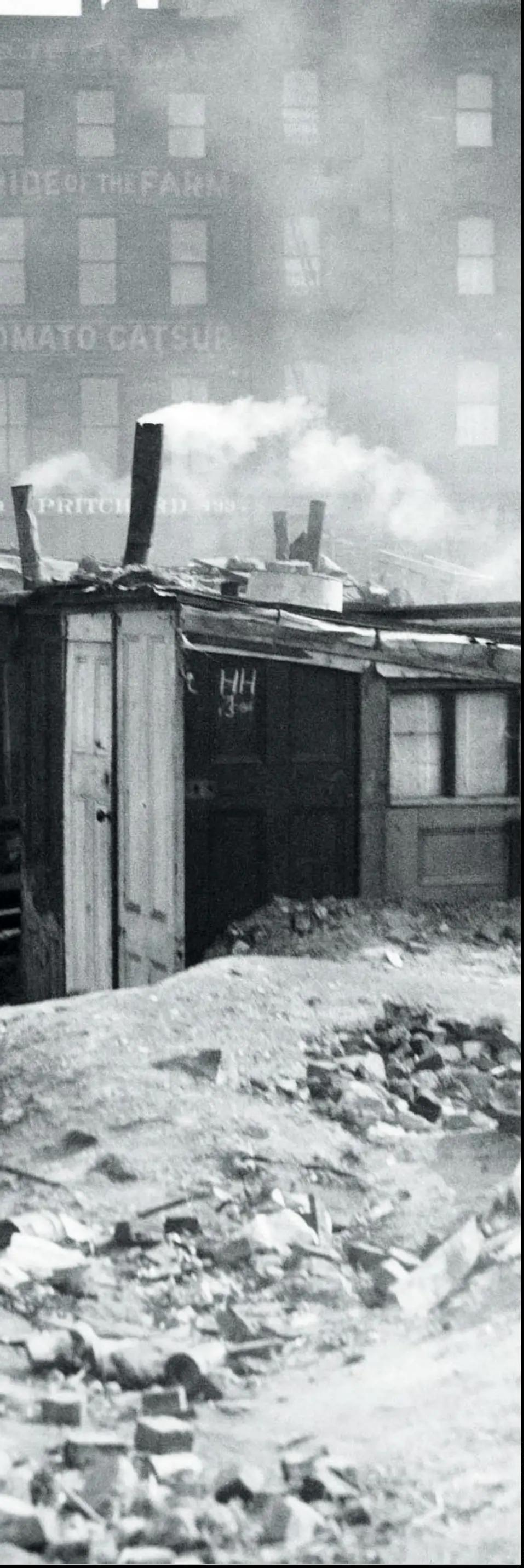
HOOVER'S
POOR FARM
TOBACCO
FUND
HARD TIMES ARE STILL
"HOOVER"ING OVER US

© Getty / MPI / Stringer

Children were often sent to beg or go and seek food from soup kitchens

RHEIMS INC. 507
W.D. BRESLER INC.

Makeshift shanty towns known as 'Hoovervilles' became commonplace across the United States



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DEPRESSION AND DISSENT

The 1930s was a time of conflict and upheaval in which capitalism was shaken to its foundations, but the economy may even have been saved by a decade of social activism

Words Sean Egan

It was a time of reassessment. Hitherto, the United States had always had a rosy vision of itself predicated on the idea that anyone who worked hard would be rewarded. Visible and shocking signs of penury, however, now dotted the face of the country, from individuals pitifully hawking apples on the street to 'Hoovervilles', the vast shanty towns of the homeless and itinerant, named after President Herbert Hoover, who had seemed so impotent in the face of the burgeoning slump. It was perfectly clear that not all these people could be feckless.

Meanwhile, in Britain the hard times saw people begin asking questions about why, even in the good days, a country whose empire covered one-quarter of the planet had a populace whose majority lived in rickets-afflicted poverty. In such an environment, a surge in political dissent and social activism was inevitable.

Dissent and protest, though, was no easy thing in the 1930s. Marches and demonstrations were frequently met with state violence, and in a more authoritarian society than exists today such over-reaction was sometimes not even subject to widespread disapproval, let alone punishment. Nonetheless, protestors were emboldened in the way only those who feel they have nothing to lose can be.

July 1932 saw the march of the 'Bonus Boys', American Great War veterans who were petitioning the president for the redemption of their service certificates. This payment was not due until 1945, but the vets were understandably aggrieved that their sacrifices for their country had ultimately been rewarded with joblessness. Such

Mounted police clear a hunger march carried out by communists and unemployed demonstrators in January 1931

© Getty / Topical Press Agency / Stringer

was the sympathy they aroused that police and marines refused to force the approximately 43,000 marchers out of Washington. General Douglas MacArthur agreed to turn on his fellow army men with the aid of infantry and cavalry. A riot ensued, and tear gas and water hoses were deployed. The optics, of course, were terrible, but the government simply couldn't afford the payment at the time.

Other types of protest took the form of direct action. As the prices of crops plummeted – some American counties burned corn for heat because it was cheaper than coal – many farmers faced foreclosure. Once judges had approved an application for such, a sheriff's sale would see assets sold off to pay back creditors, thus depriving the farmer of the means to perpetuate his livelihood.

Sympathisers hit upon the idea of 'penny sales', whereby friends and allies would make derisory bids for a farmer's possessions – 25 cents for a horse, ten cents for a plough and so on – and, after the sale, simply give their purchases back to him. It was legal, although the violence threatened to those who looked like they were putting in higher bids wasn't. Not even partially legal were the activities of the Farm Holiday Movement, founded by Milo Reno in Iowa, whose aim was to force up farm produce prices. Highways were blocked and pitchforks waved to stop farmers going to market and selling for the going derisory rate.

Unemployed Councils had a more considered approach. Although they were founded by communists, most of the movement's rank-and-file were not dogmatic leftists and were therefore viewed with less suspicion by government agencies as they petitioned them for better treatment of, and relief for, the jobless. Not that Unemployed Councils were averse to using muscle: they would arrive en masse to prevent the poor being evicted by their landlords.

In Britain hunger marches were a tradition going back to the first decade of the century, but truly took off in the 1930s. Curiously, the most famous march of the time, the Jarrow Crusade of October 1936, was one of the smaller ones. Northeast town Jarrow had been devastated by the loss of shipbuilding – unemployment was running at 70 per cent – and its petition demanded that the government organise the building of a local steel works. Local MP Ellen Wilkinson accompanied 200 men on their 300-mile march. The word 'crusade' was deliberately deployed to distance the marchers from communists, who tended to organise such protests. It was partly this nullifying of the taint of 'godlessness' that created cross-party sympathy for the marchers' cause. Even so, Prime Minister Ramsay MacDonald declined to receive a deputation, and nothing particularly was done for the area.

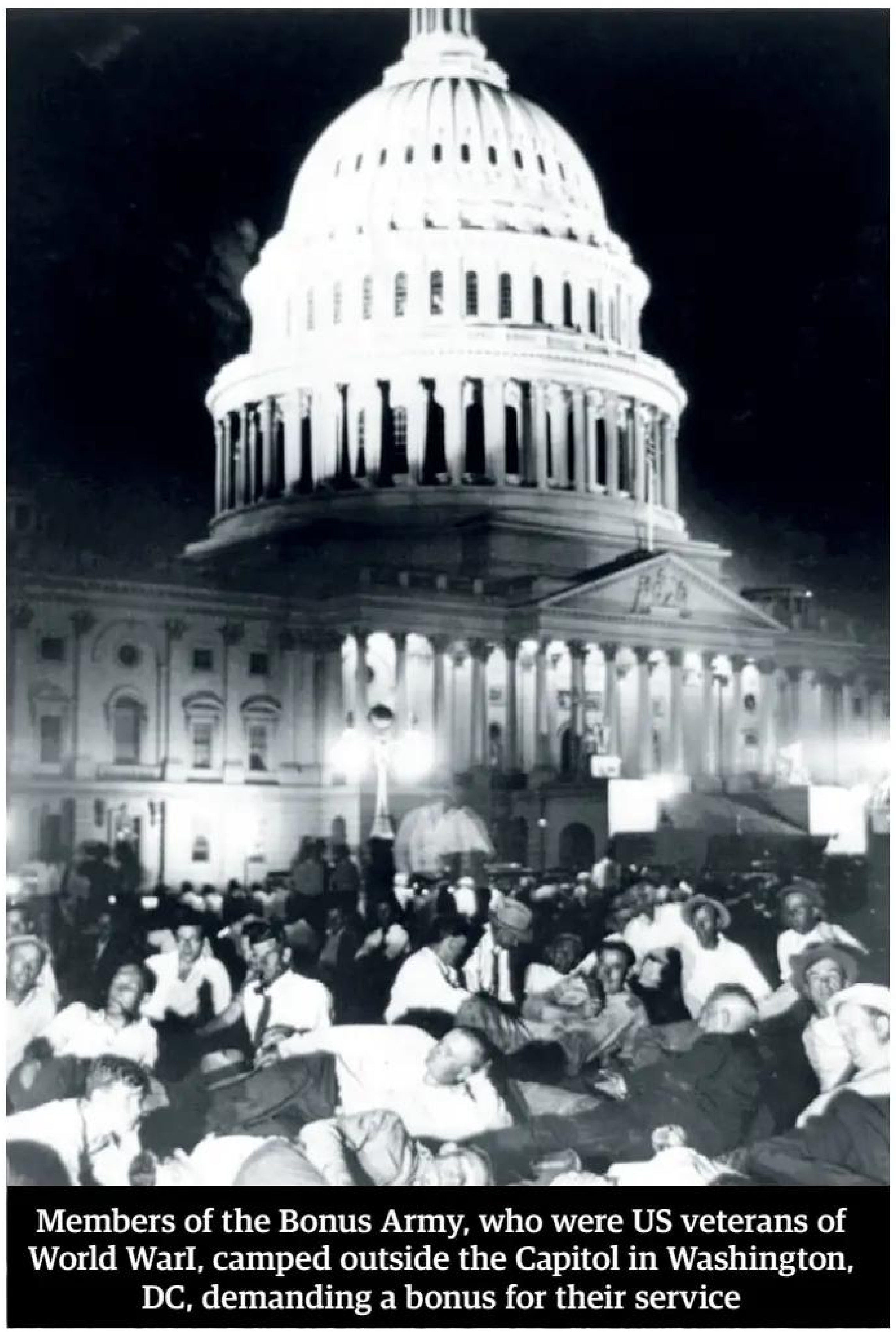
It's a surprising fact that trade union activity increased during the Depression. Everywhere in the world, a new desperation to hang onto jobs made employees leery of rocking the boat. The particularly American terror of being labelled a 'red' acted as a further disincentive in the US. Yet for all that, membership of what America referred to as 'labor unions' doubled in that country during the 1930s as employers used their advantageous position to cut wages and lower working conditions.

Labour organisers were met with fierce resistance. In Britain, the events of 1910 to 1911, when home secretary Winston Churchill set troops on miners striking over their conditions, was still a painfully fresh memory, as was the failed 1926 General Strike. In the States, police and vigilantes would break up workers' meetings with impunity, while strike committees could be indicted for conspiracy. The nadir of this state of affairs was the Memorial Day Massacre. In 1937, the Steel Workers Organizing Committee arranged a strike to protest about lack of union recognition. When on 30 May the SWOC's supporters marched on the Chicago premises of Republic Steel, they were fired on by police with the result of ten deaths.

The 'sit-down strike' in Flint, Michigan, the previous year was handled far more delicately.

© Science History Images / Alamy

Riot police in Chicago manhandle a striker during the deadly Memorial Day Massacre in 1937

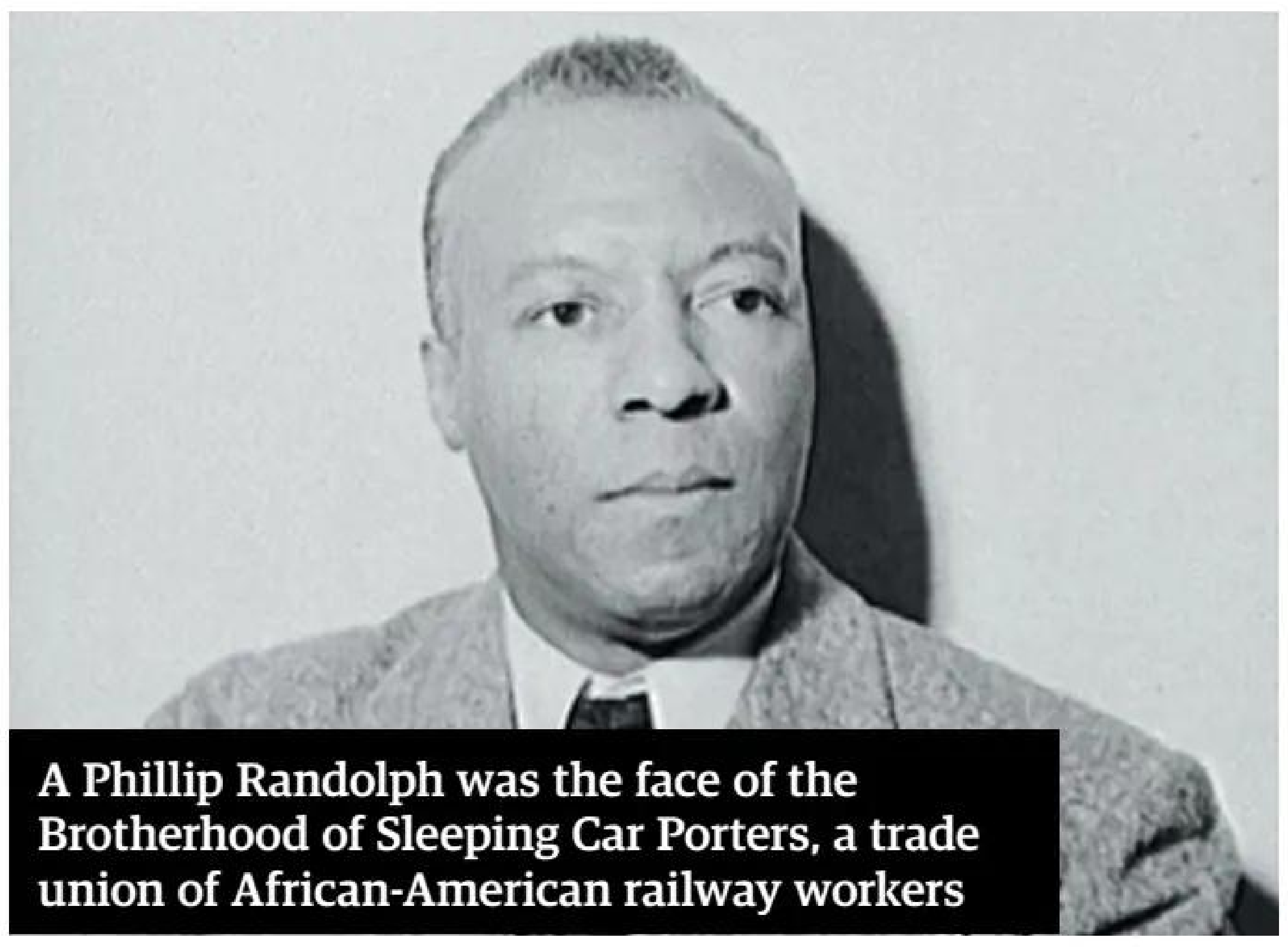

Members of the Bonus Army, who were US veterans of World WarI, camped outside the Capitol in Washington, DC, demanding a bonus for their service

Sit-downs involved the occupation of company premises and had been successfully pioneered in Europe. Workers at General Motors had various demands, including recognition of their union and a minimum wage. Their actions were illegal, but Michigan Governor Frank Murphy refused to send in the National Guard, citing the possibility of far more serious violence than that already seen when the police tried to cut off the strikers' food supply. When President Roosevelt advised the company to accede to the strikers' demands, the battle was effectively won.

During the Depression, the Brotherhood of Sleeping Car Porters proceeded to become the first notable African-American union. It sought to address uncommonly bad workplace injustice. If a dispute arose between a customer and a 'negro' porter, for instance, the culture demanded that the company believe the traveller. Founding president A Philip Randolph did his job for 12 years without salary, during which time the union may not have racked up many legal victories, but broke through resistance to the notion that blacks had the same right to organise as whites. Founded in 1925, the union finally gained formal recognition in 1938.

Yet although the Depression marked much conflict, the battles were fought within limited parameters. Some in the West looked at Russia and observed that socialism seemed less affected by the slump. That Moscow's economy was restricted and largely closed was something with which admirers didn't detain themselves too much. However, the demands by campaigners in the West tended to be for jobs, not revolution. The social uprising that seemed to many an inevitable consequence of the Depression never happened.

Bonus Army marchers confront the police


A Phillip Randolph was the face of the Brotherhood of Sleeping Car Porters, a trade union of African-American railway workers

This was partly down to the fact of a more deferential society than exists today. There was also the reality that, although millions were on welfare, unemployment never went much over 20 per cent. That figure was, of course, painfully high, but the vast majority of people were in work and had therefore some sort of stake in the status quo.

When the dust settled, American faith in free enterprise was not destroyed: it remained the case that the country was more resistant to leftist politics than any in the free world. In Western Europe, welfarism – already far more advanced than in America – improved further as a consequence of the recent privations, but none of the continent's countries took the Marxist route.

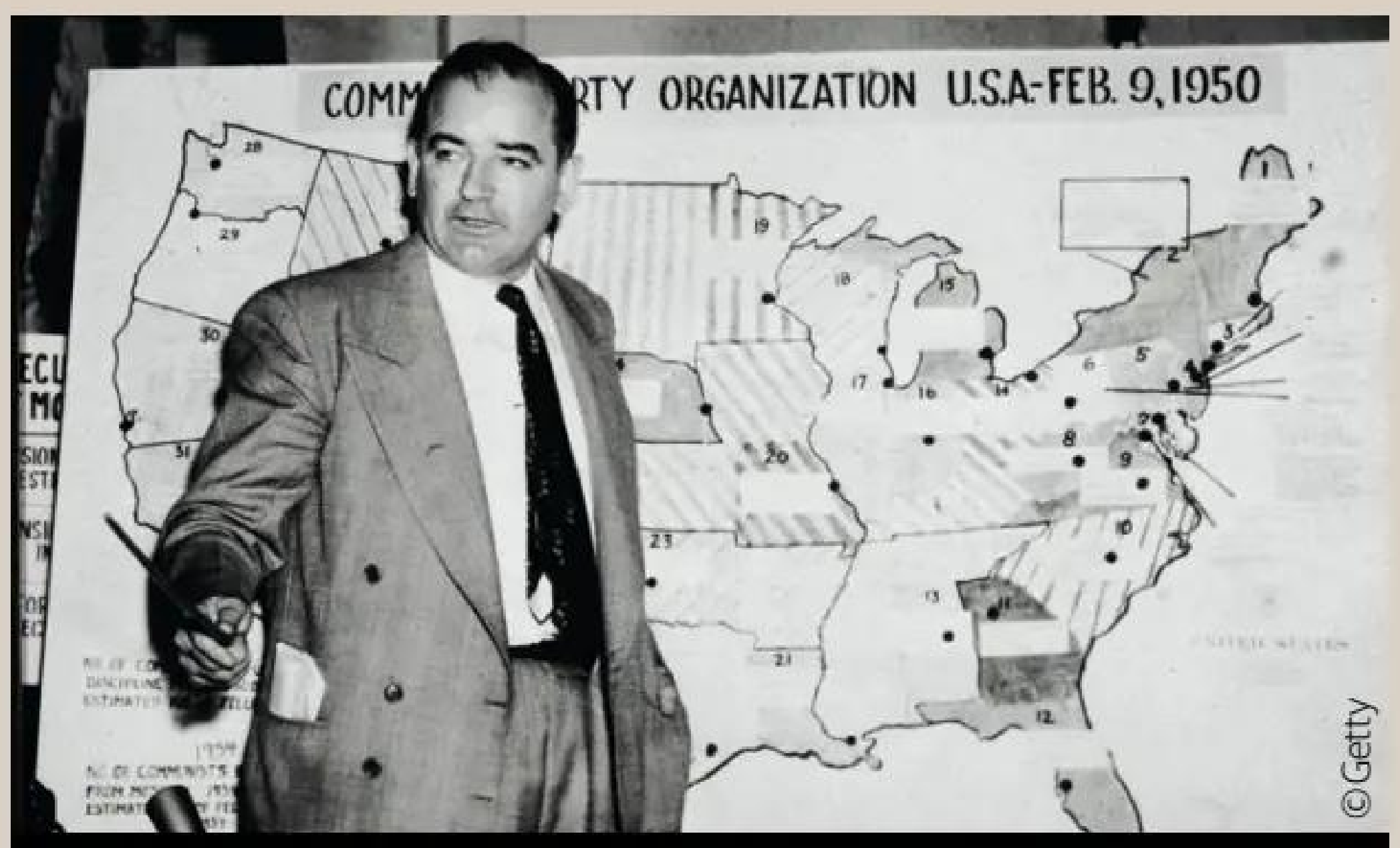
That the West did not go the way Russia did in 1917 was largely down to the sort of government intervention that would have been denounced as socialism only a few years before. The National Labor Relations Act of 1935 was a real turning point in the US. This so-called 'Wagner Act', designed to encourage collective bargaining, planted in the public consciousness the notion that, if the government recognised its validity, organised labour couldn't be the pejorative it was often portrayed as. The Works Progress Administration of the same year was carefully sold by President Roosevelt as preferable to state relief in instilling self-respect and discipline by providing work, but it was also something previously considered very un-American: federal intervention in the economy and the acceptance of the idea that the country could spend its way out of a recession. The sit-down at General Motors paved the way for the 40-hour week now standard across the developed world.

THE RETRIBUTION

Protestors and activists secured many triumphs during the Depression, but some were to belatedly pay a terrible price

Although Depression-era protest indisputably caused the US government to pass overdue legislation to protect the poor, few predicted that two decades later there would be a quite vicious payback for this social progress. It occurred when booming, post-war America was less focused on the fading memories of hard times and more concerned about reds under the bed. Cold Warriors like Senator Joseph McCarthy exploited the opportunity to rebrand those with a history of dissent as 'un-American'.

People who had once spoken with pride of their participation in marches and strikes now kept very quiet about it, lest it lead to them being called before the likes of the House Un-American Activities Committee. At such hearings they might be humiliatingly publicly grilled by grandstanding politicians whose interrogations were laced with insinuating questions, the classic one being: "Are you now or have you ever been a member of the Communist Party?" The suggestion could be career-destroying, consigning people to employers' blacklists. To avoid this fate, some individuals even recanted their 1930 activism lest they once again be reduced to penury. It was a tragedy that this time round, such penury was not the unavoidable consequence of an economic downturn, but political partisanship.



© Getty

Senator McCarthy was the face of anti-communism in the US during the 1950s, and accused individuals inside the government, army and elsewhere of being communist sympathisers

In the 1930s and 1940s, governments all over the world set about refining and correcting. The market economy was retained, but the object was to make sure it didn't break down again. The way for this evolution was paved by the ordinary men and women who took to the streets with both their grievances and their banners during the Great Depression.

CAUSE AND EFFECT

The onset of the Great Depression caused significant social unrest across the world during the 1930s, provoking conflict and political dissent towards the status quo. Here workers march towards London from Jarrow in northeast England.

JARROW CRUSADE
OW
DE

© Getty / Keystone / Stringer

1930s New York, with the Manhattan Bridge in the background

WHAT WAS IT LIKE?

NEW YORK, 1933

New York
USA

After the prosperity of the 1920s, the US found itself spiralling into a pit of debt and despair as it entered the 1930s

In the 1920s, the US experienced a boom that earned the decade the name 'The roaring Twenties'. In those days of glitz and glamour, national spirit and optimism were at an all-time high; the impossible seemed possible. But this came crashing down in 1929 when the stock market underwent a disastrous collapse.

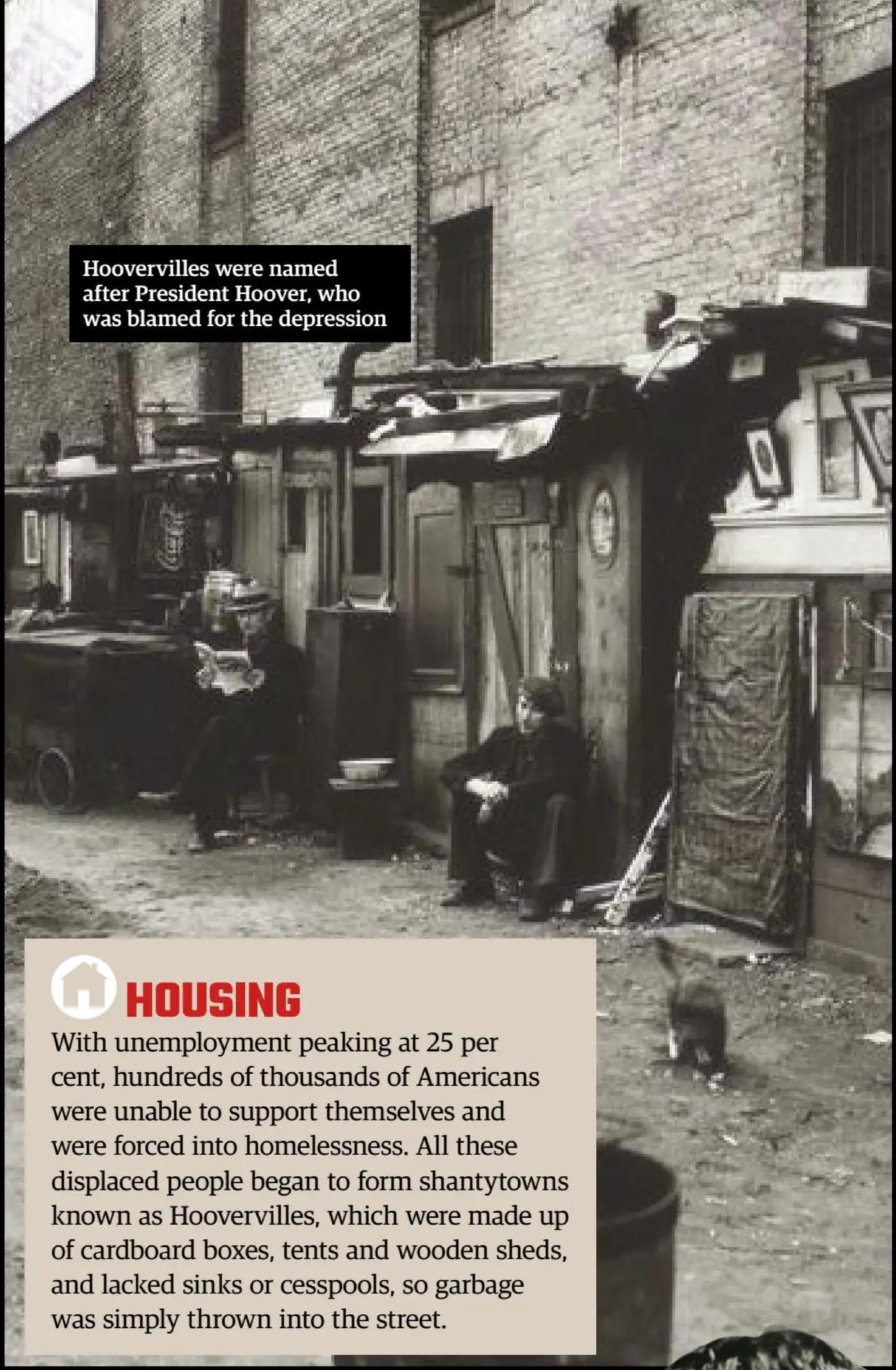
The dramatic economic fallout from the crash well and truly drew the curtain on the hopeful prosperity of the 1920s and plunged the country into its most crippling economic depression in history. While unemployment in 1929 was at just three per cent, by 1933 it had risen to a huge 25 per cent. The president, Herbert Hoover, had wrongly believed that the crisis would quickly run its course, and the little amount the government did to combat the depression only resulted in the situation worsening.

Soon there was mass homelessness; New York City transformed from an urban metropolis to a mass of shantytowns and soup kitchens. Men struggling to provide for their families tried to scrape pennies together by selling apples on street corners, and the city that had once attracted people from far and wide was now driving them out. Immigrants and even US citizens poured out of the city, desperate to find jobs and food anywhere else.

INDUSTRY

Although the 1930s were a hard time for most industries, the private sector construction industry suffered the most. The New Deal encouraged the city to expand its own construction, but many landlords found their funds drained as tenants were unable to pay rent. More major victims of the era were the industries that manufactured heavy goods like cars, machinery and refrigerators, which people and companies could no longer afford.

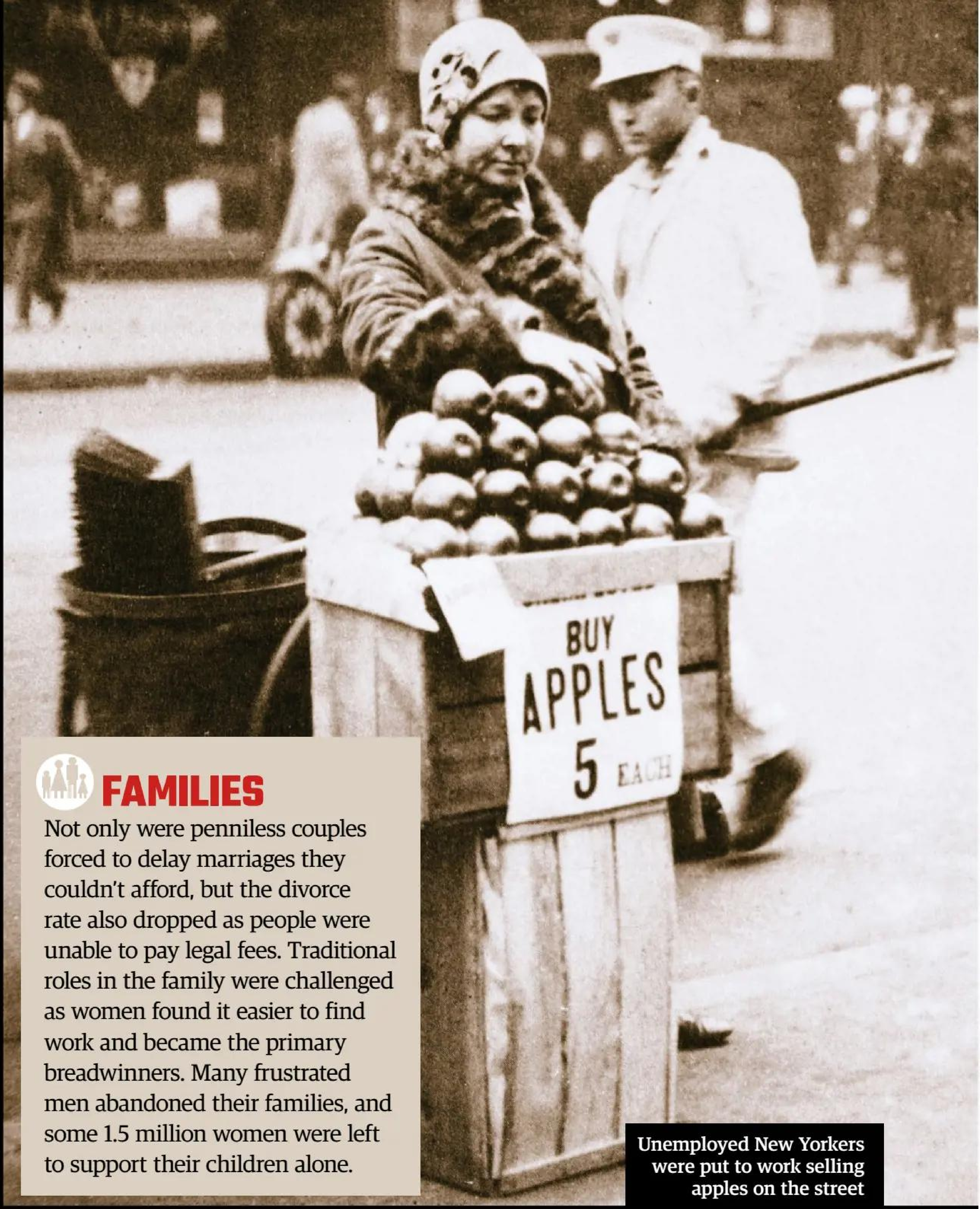
Many protests broke out across the country as families struggled to feed themselves



Hoovervilles were named after President Hoover, who was blamed for the depression

HOUSING

With unemployment peaking at 25 per cent, hundreds of thousands of Americans were unable to support themselves and were forced into homelessness. All these displaced people began to form shantytowns known as Hoovervilles, which were made up of cardboard boxes, tents and wooden sheds, and lacked sinks or cesspools, so garbage was simply thrown into the street.



Unemployed New Yorkers were put to work selling apples on the street

FAMILIES

Not only were penniless couples forced to delay marriages they couldn't afford, but the divorce rate also dropped as people were unable to pay legal fees. Traditional roles in the family were challenged as women found it easier to find work and became the primary breadwinners. Many frustrated men abandoned their families, and some 1.5 million women were left to support their children alone.

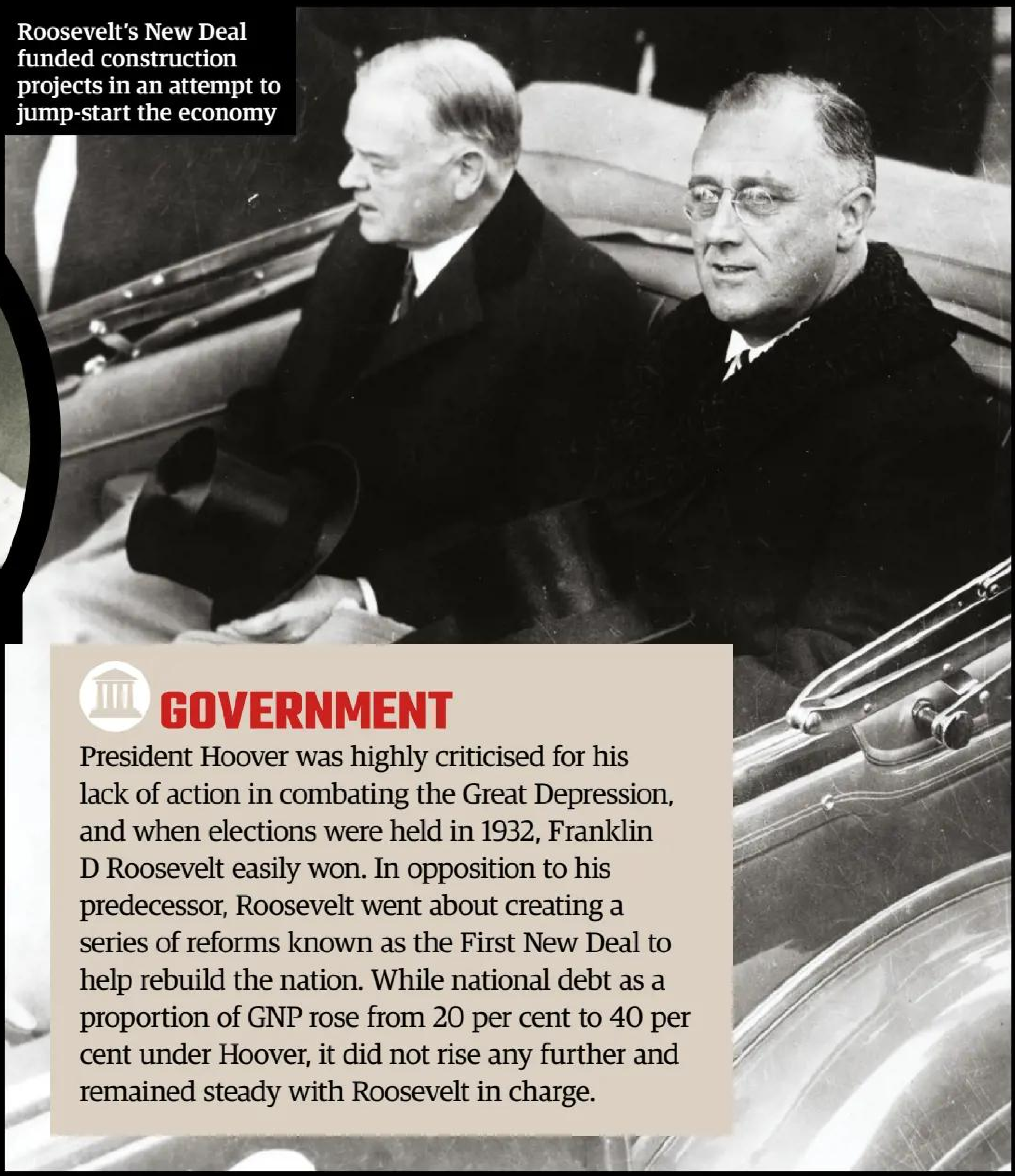
ART

The Great Depression inspired a number of American writers to pen some of the most celebrated novels of all time, such as John Steinbeck's *The Grapes of Wrath* and *Of Mice and Men*. The writers of the period were able to start their careers thanks to the Federal Writers' Project – a relief art program introduced in 1935.

Many of John Steinbeck's novels centred on working class people during the depression

MEDIA

While many were unable to spare money for entertainment, films were still a well-liked pastime. Comedies and gangster flicks that distracted from everyday hardships were especially successful. Because it was free, listening to radio broadcasts was a very popular pastime with soap operas, sporting events and swing music all gaining popularity.

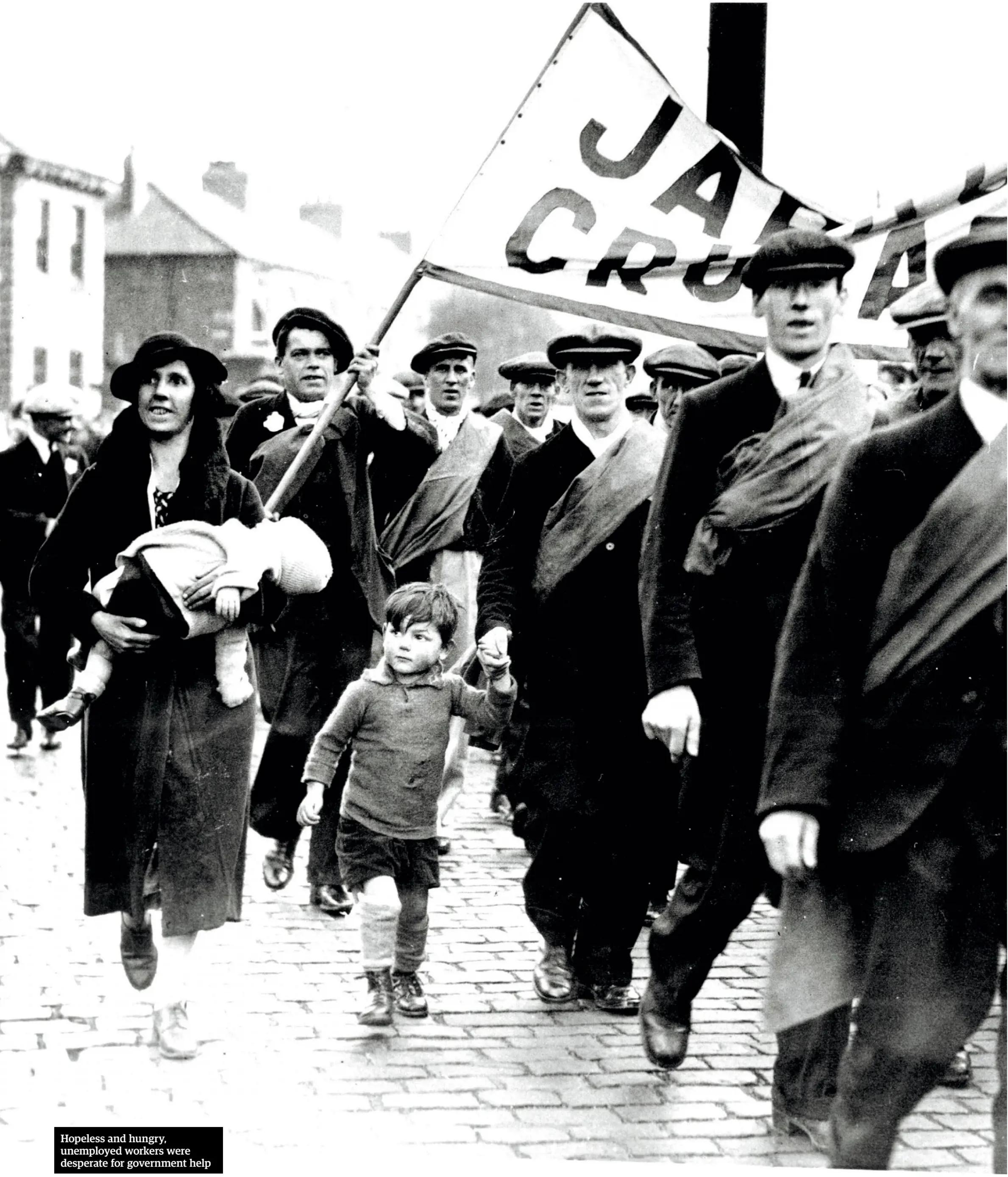


Roosevelt's New Deal funded construction projects in an attempt to jump-start the economy

GOVERNMENT

President Hoover was highly criticised for his lack of action in combating the Great Depression, and when elections were held in 1932, Franklin D Roosevelt easily won. In opposition to his predecessor, Roosevelt went about creating a series of reforms known as the First New Deal to help rebuild the nation. While national debt as a proportion of GNP rose from 20 per cent to 40 per cent under Hoover, it did not rise any further and remained steady with Roosevelt in charge.

© Rex Features; Alamy



Hopeless and hungry, unemployed workers were desperate for government help

© World History Archive / Alamy

BRITAIN AND THE GREAT DEPRESSION

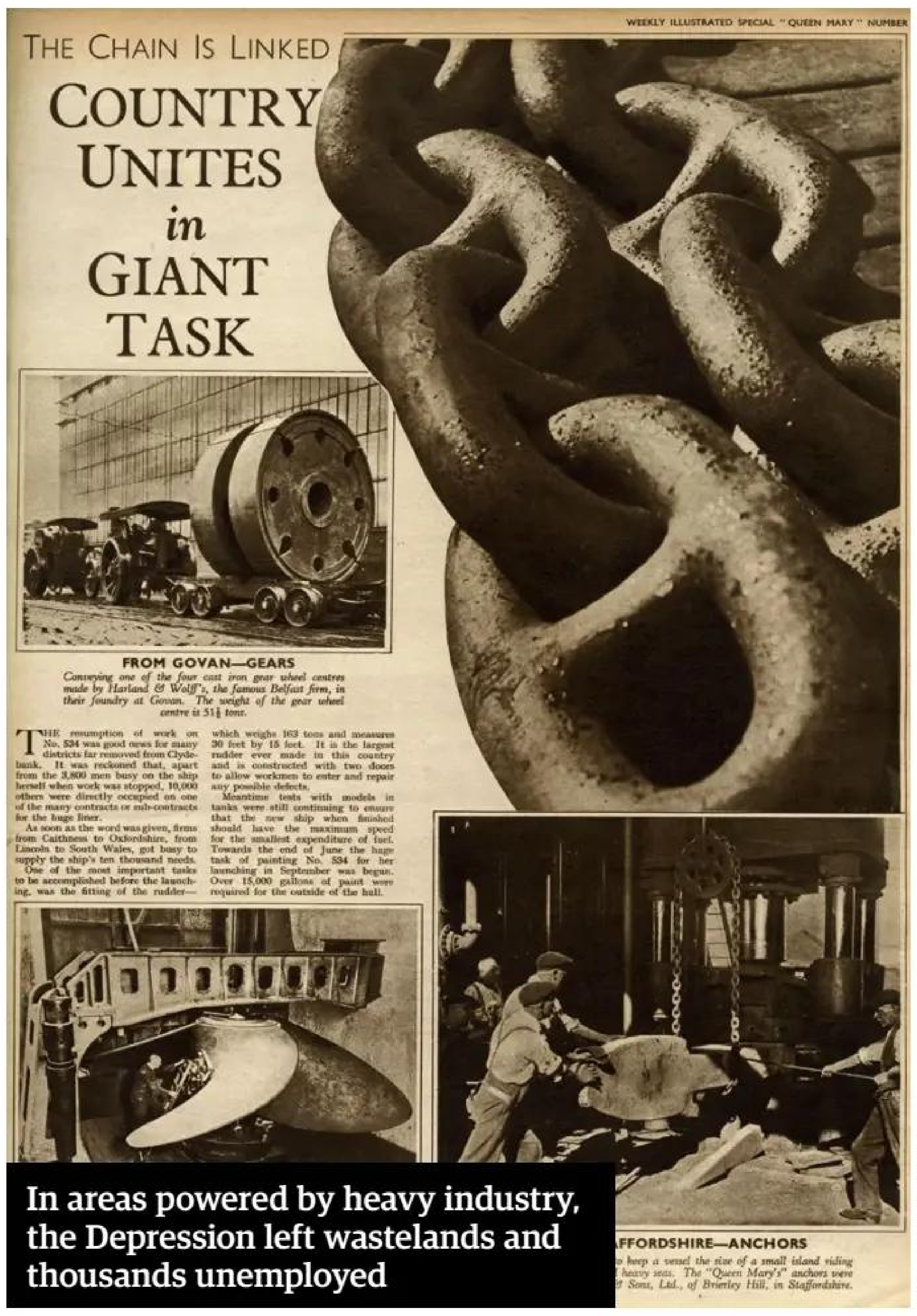
When the Great Depression plunged Britain into misery in the 1930s, the country had never known anything like it. Unemployment soared, businesses collapsed, and the government and populace were left reeling

Words Catherine Curzon

In 1929, the Great Depression famously brought the United States to its knees, but its impact wasn't isolated to just one country. The devastating effect of economic collapse crossed the globe like a tsunami, sweeping through the financial markets and leaving few places untouched. The crash of the American stock market had a ruinous impact on economies worldwide and Great Britain, itself still desperately trying to stumble back towards normality after World War I, was among the nations who felt the shattering impact.

When the Depression hit Great Britain in 1931, it found a nation that might have claimed the victory in World War I but had been left in deprivation in doing so. Britain was in the midst of its economic recovery and at the heart of its financial restoration was the so-called gold standard, which equated the value of a unit of currency to its equivalent amount in gold. Though Britain had abandoned the gold standard soon after the outbreak of the war, when Winston Churchill was appointed chancellor in 1924, he championed a return to the system. Against the advice of experts and advisors, who warned that a jump in the exchange rate would lead to unemployment, reduced demand for British exports and calamity in the nation's industry, Churchill decided to press ahead. He returned Britain to the gold standard at an exchange rate of $4.86 to £1.

Desperate to be heard, in 1936 200 unemployed residents of Jarrow marched to London to demand assistance for their deprived town



WEEKLY ILLUSTRATED SPECIAL "QUEEN MARY" NUMBER

THE CHAIN IS LINKED

COUNTRY UNITES in GIANT TASK

FROM GOVAN—GEARS

Conveying one of the four cast iron gear wheel centres made by Harland & Wolff's, the famous Belfast firm, in their foundry at Govan. The weight of the gear wheel centre is 51½ tons.

THE resumption of work on No. 534 was good news for many districts far removed from Clydebank. It was reckoned that, apart from the 3,000 men busy on the ship herself when work was stopped, 10,000 others were directly occupied on one of the many contracts or sub-contracts for the huge liner.

As soon as the word was given, firms from Caithness to Oxfordshire, from Lincoln to South Wales, got busy to supply the ship's ten thousand needs.

One of the most important tasks to be accomplished before the launching, was the fitting of the rudder—which weighs 163 tons and measures 30 feet by 15 feet. It is the largest rudder ever made in this country and is constructed with two doors to allow workmen to enter and repair any possible defects.

Meantime tests with models in tanks were still continuing to ensure that the new ship when finished should have the maximum speed for the smallest expenditure of fuel. Towards the end of June the huge task of painting No. 534 for her launching in September was begun. Over 15,000 gallons of paint were required for the outside of the hull.

AFFORDSHIRE—ANCHORS

o keep a vessel the size of a small island riding heavy seas. The "Queen Mary's" anchors were & Sons, Ltd., of Brierley Hill, in Staffordshire.

In areas powered by heavy industry, the Depression left wastelands and thousands unemployed

© Chronicle / Alamy

This meant that the exchange rate leapt up by ten per cent and the cost of British exports overseas immediately skyrocketed. Unable to absorb the ten-per-cent cost by lowering prices, industries responded by cutting wages, leaving workers at home less money to spend in their own economy. It was the start of a ruinous cycle. With the overseas demand for British goods falling as a result of the hike in the exchange rate, the export market went into immediate decline and Britain began to feel the pinch. Unemployment in the country was already averaging 1 million and with British industry toiling under the effects of the recession, it became a real fight for workers in the industrial heartlands to keep their heads above water.

> **"IN THE SPACE OF 12 MONTHS EMPLOYMENT DOUBLED, LEAVING 20 PER CENT OF THE WORKFORCE WITHOUT A JOB"**

The worldwide Depression proved to be the death blow to regions that relied on heavy industry and export. With demand for British exports already lowered in the aftermath of war when all countries were feeling the financial pinch, the Depression caused the demand to dry up altogether. In the space of 12 months employment doubled, leaving 20 per cent of the workforce without a job and with little hope of getting another. The efforts of the unprepared minority Labour government became focused on providing help to people who were now mired in grinding poverty. In July 1931, the May Report concluded that the only way to balance the public books was to increase taxes for the rich, cut wages in the public sector further and slash public spending. Particularly singled out for a cut was the benefit paid to the unemployed. Already far from generous, it was now to be slashed by a further ten per cent.

These extreme means caused a split in government, bringing an already shaky administration it to its knees and causing panic among those investors who still remained. With the economy apparently in freefall, they panicked. What capital remained in Britain was withdrawn, destablising what was left of the economy. Exhausted by recession, the government crumbled. It was initially replaced by the National Government, a coalition of Labour, Conservative and Liberal politicians, but in the ensuing general election the Conservatives scooped up votes across the board, leaving Labour on the margins of government.

The new administration immediately put emergency measures into action. As taxes went up, public sector wages and unemployment benefits were cut still further in an effort to sink more money into recovery. Instead, these emergency plans only served to lessen the spending power of the nation and Britain sank deeper into the red and unemployment hit an unthinkable 3 million.

For the increasing number of Britons without work, the future looked bleak indeed. Though the nation's welfare system was certainly one of the most developed in the world, it was far from generous even before the swinging cuts were put in place. Benefits were paid out according to the contributions that the recipients had paid in while working and even then they could only claim for a maximum of 15 weeks. Once the recipient reached the payment threshold of 15 weeks, their payments were stopped and they were left on the often scant mercy of local poor law relief, which was paid out by local authorities. Yet as the recession gripped Britain, there was little spare money to go into poor law relief, and for those at the bottom of the pay scale who had not earned enough to pay into the unemployment scheme, there was no government assistance at all.

With sources of benefits drying up and more and more people joining the ranks of the unemployed, poverty grew at an unchecked rate and it was clear that something had to be done. Local rates were no longer providing anywhere near enough money to match the demand on poor law relief and a decision was eventually taken to completely centralise the welfare system, making it payable from national taxes rather than local rates. In 1931

As unemployment soared, desperate workers sought assurances for the future

ECHO
MARGARINE

In the north, the decimation of industry led to a collapse in social conditions

© Granger Historical Picture Archive / Alamy

the government was forced to introduce a new unemployment benefit system that paid according to individual need, not to the contributions the claimant had already put in. The level of need was to be assessed via a strict means test, in which a government officer would scrutinise the applicant's finances to ensure that they weren't attempting to hide money and that they were living as frugally as possible. There was precious little room for interpretation or manoeuvre and the means test provided no opportunities for anything that might be thought even slightly frivolous.

These Public Assistance Committees were often embarrassing experiences. They were exhaustive, intrusive and often insensitive, and those who were subject to the means test were humiliated by the procedure. It was a brutal and sometimes dehumanising experience that hit claimants hard at a time when they were already despairing. Subjected to the full scrutiny of government assessors, families were forced to sell even the smallest items that were deemed luxurious, regardless of their sentimental value.

Through all of the catastrophe and even as the dole queues got longer in the industrial heartlands, the Treasury clung to the gold standard, convinced that it alone could hold the key to economic recovery. Yet by autumn 1931, it had become painfully apparent that the gold standard was no longer viable. The Treasury was forced to abandon it.

Far from sounding the death knell for the economy, the decision proved revelatory. The exchange rate fell and British exports were suddenly financially viable and attractive for overseas markets again. The market began to slowly recover and bit by bit, Britain clawed its way out of the Depression. With 24 per cent of the workforce unemployed and industrial areas mired in poverty, it had come not a moment too soon.

Though Britain could now start to slowly rebuild, it was a painfully slow process. Though recovery in the south east was faster, in heavily industrial areas such as Wales and the north, industry had been decimated. In Glasgow alone, 30 per cent of the total workforce were unemployed. Workers turned out on hunger marches to raise awareness of their plight. With barely enough money to feed their families, the health of workers was failing. Poor and restricted diets and unsanitary living conditions contributed to mortality and illness rates, leading to the first debates around the concept of a national health service, free to all at the point of delivery.

For those who still had a job and a wage however, life could be sweet. With prices dropping to try and encourage purchasing, they could treat themselves once in a while and tempting initiatives such as hire purchase emerged for those who could afford to meet the terms. Entertainment was one of the few things that remained accessible to virtually all, though in varying degrees. Even the poorest households usually had access to a wireless and though they couldn't afford to visit theatres and cinemas, radio entertainment provided some scant respite from the grinding misery of the Depression. The golden age of British wireless had arrived.

In 1934 the Unemployment Act divided unemployment and insurance benefits and restored the ten-per-cent cut that had been made to the dole. Though Unemployment Assistance Boards continues means testing, the tests were less intrusive and humiliating for those who faced them. In the aftermath of the Depression were the foundations of the Labour Party's "cradle to grave" welfare and health system, which gave according to need and for the first time there was an effort to appreciate that those who were unemployed were not responsible for their own plight, but victims of a worldwide tragedy.

By the time Britain entered World War II, unemployment was falling and hard-hit areas were targeted by a government focussed on reversing economic decline. Recovery was slow and painful and the effects of the Depression continued to be felt in Britain for many decades after it had passed.

KEY FIGURES

With Great Britain rocked by the Depression, five men emerged as the nation struggled

WINSTON CHURCHILL

Winston Churchill was appointed chancellor of the exchequer in 1924 by Stanley Baldwin. Now feted for his wartime premiership, when he restored Britain to the gold standard in 1925, it was against his better judgment. The decision would go on to prove catastrophic for the British economy and Churchill lost his seat in 1929.

RAMSAY MACDONALD

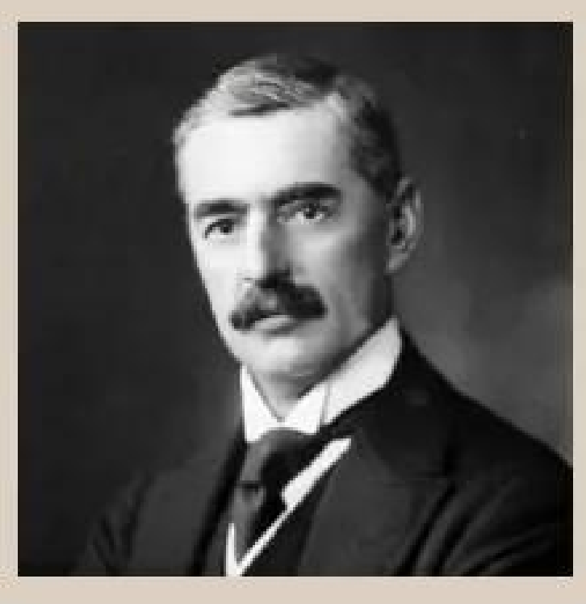
Ramsay MacDonald presided as prime minister from 1929 to 1935 and steered the country through the Great Depression. As head of the National Government, MacDonald's willingness to form a coalition with his political opponents led his former Labour comrades to regard him as a traitor to the party.

PHILIP SNOWDEN

Philip Snowden was chancellor of the exchequer from 1929 until 1931 and was expelled from the Labour Party for his loyalty to the National Government. This hard-nosed and financially astute politician was known for his inflexibility and when his recommendations for a new tax on imports went unheeded, he resigned.

OSWALD MOSLEY

Later to become the notorious leader of the British Union of Fascists, Oswald Mosley advocated a massive programme of public works that would provide employment and drive economic rebirth. This one-time Tory had crossed the floor to Labour but when his plans were rejected, he founded the New Party.



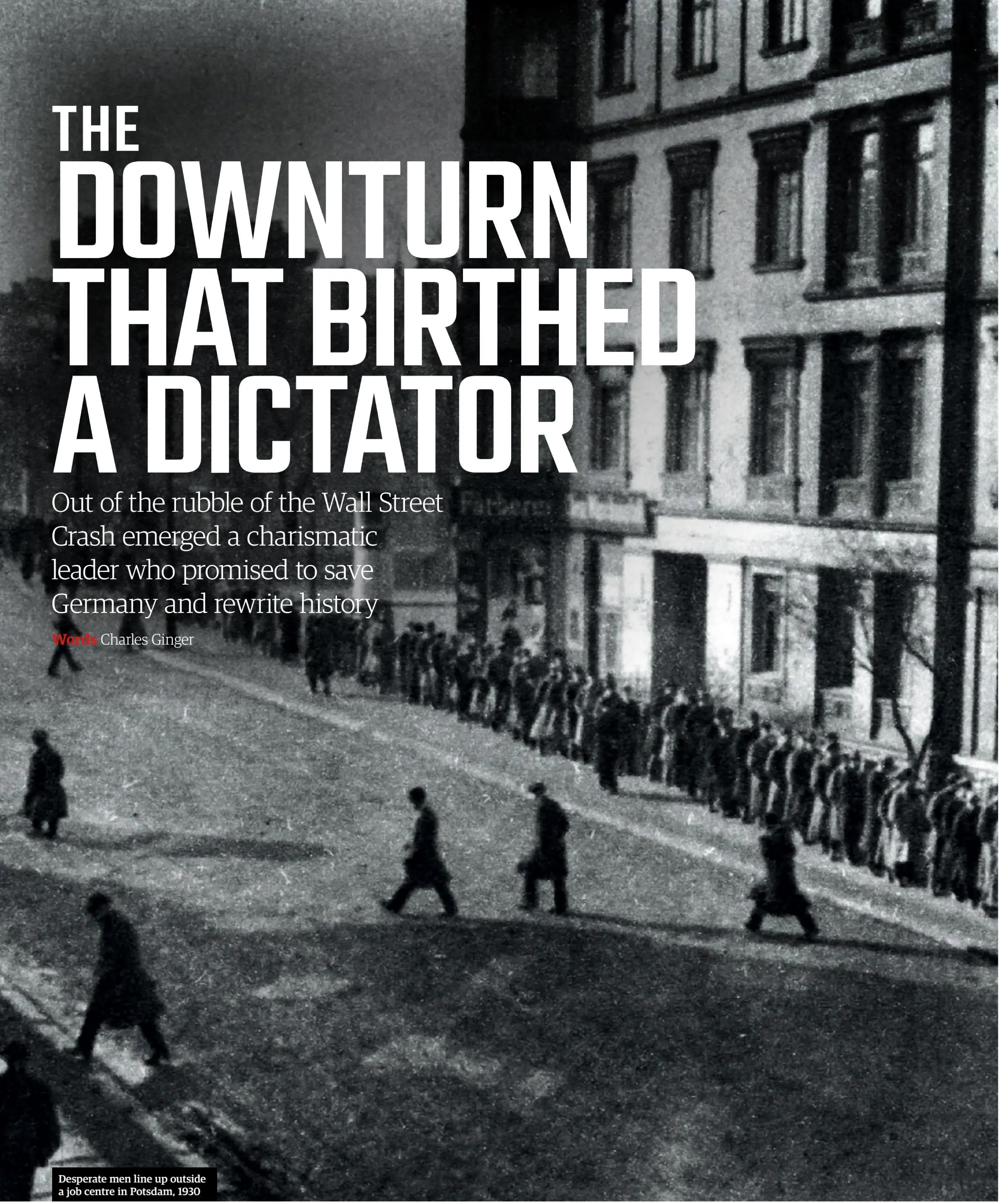
NEVILLE CHAMBERLAIN

When he was appointed chancellor of the exchequer in 1931, Neville Chamberlain passed a ten per cent import tax from which the colonies were exempt and maintained the strict budget that was already in place. He presided over the creation of the Unemployed Assistance Board, which assured benefits for those who had paid into the system and those who hadn't, too.

THE DOWNTURN THAT BIRTHED A DICTATOR

Out of the rubble of the Wall Street Crash emerged a charismatic leader who promised to save Germany and rewrite history

Words Charles Ginger



Desperate men line up outside a job centre in Potsdam, 1930

© INTERFOTO / Alamy

When studying the great tragedies of history, it is all too easy to fall into the pitfalls of oversimplifying events; to draw neat, easily explainable conclusions in order to negotiate chapters that are in fact a lot more complex. However, when it comes to scrutinising the consequences of the Wall Street Crash of October 1929, it is fair to make a very sobering judgement without fear of contradiction: had it not happened, it is highly probable that Adolf Hitler would never have clawed his way to power in Germany.

In order to understand why a cataclysmic financial meltdown on the other side of the Atlantic played such a major role in the rise of the Third Reich, it is necessary to first appreciate why Germany was in such a fragile, capricious state in the late 1920s and early 1930s.

Saddled not only with sole responsibility for causing World War I – a conflict Germany certainly played a pivotal role in starting but by no means was it on its own – but also a colossal reparations bill of 132 billion gold marks (approximately $33 billion) under the terms of the Treaty of Versailles, Germany's recently installed Weimar Government faced an unprecedented financial challenge in the years following its military defeat to the Allies.

In a bid to meet the huge monthly payments expected by the triumphant powers, the Weimar Republic began to print banknotes on a massive scale from 1919 onwards. However, thanks to the previous government's risky decision to suspend Germany's gold standard (its ability to convert its currency into gold) in the hope of winning the war and thereby sidestepping the issue of war debts entirely, the Weimar Republic lacked the tangible materials needed to support such a gargantuan printing project. An inevitable consequence of this was the gradual devaluation of the mark; by the end of 1919, one US dollar cost 48 marks.

A seriously unstable economic situation was worsened in January 1923 when, in response to Germany's failure to meet its financial obligations, France sent troops into the Ruhr. Eager to hamper them at every turn, the Weimar Government encouraged industrial workers in the region to go on strike, a move that had the double-edged effect of forcing the government to support the workers financially while Germany's industrial heartland stopped beating. Rampant hyperinflation ensued as the mark's value continued to plummet alongside Germany's economic output. By November 1923, purchasing a single US dollar required over 4 trillion marks.

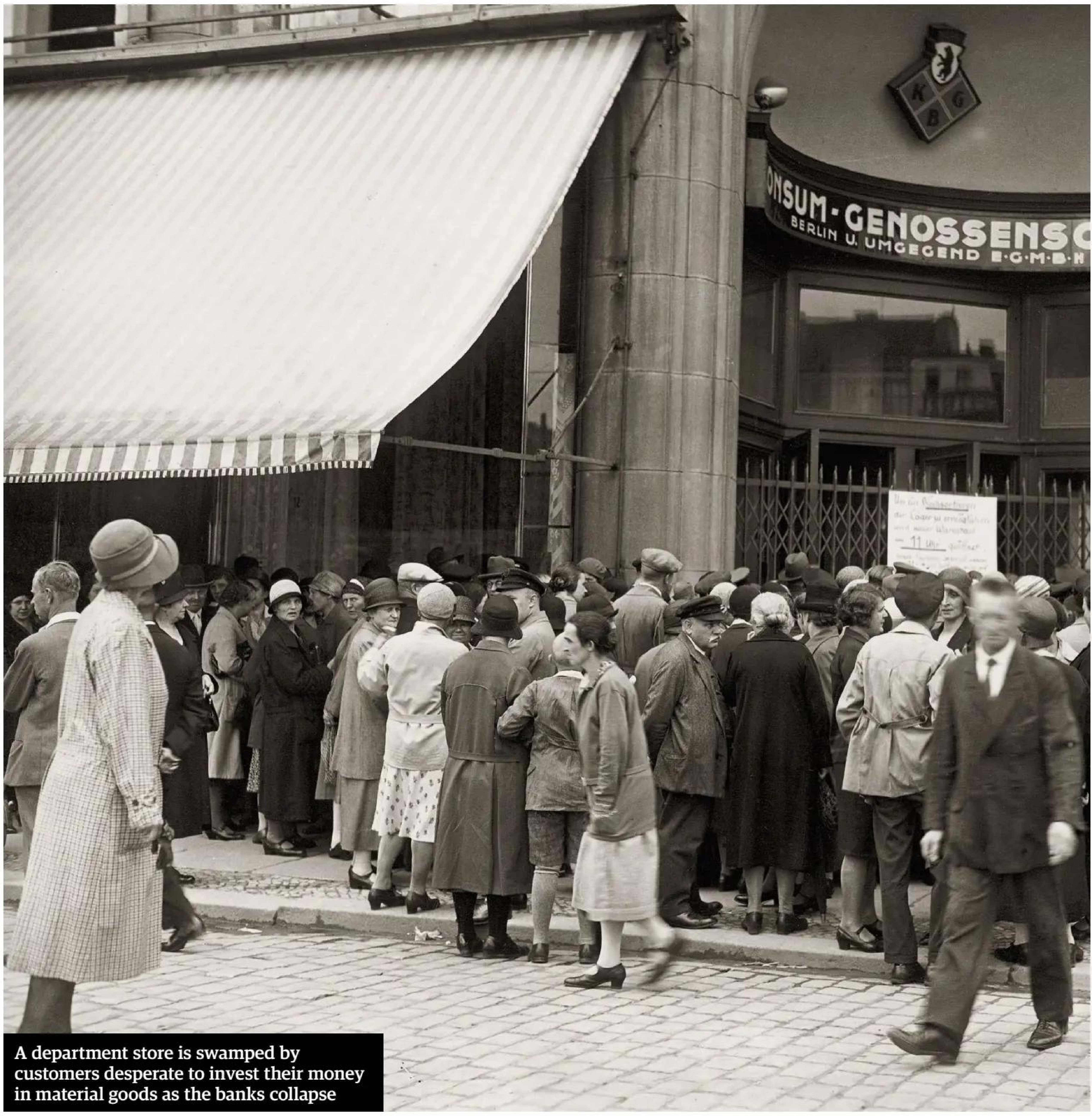
Thankfully for everyday Germans, in the same month the government finally manoeuvred to get a firm grip on the spiralling situation. Under the stewardship of Hjalmar Schacht, currency commissioner for the government, the Reichsbank ended the monetisation of government debts and worked to introduce a new currency: the Rentenmark. Slowly but surely, Germany's economy stabilised, but the ghosts of hyperinflation would come back to it.

Remembered as the 'golden years', 1924-29 saw relative prosperity and security for the majority of Germans as sound economic policies resulted in improved living standards. Yet all was not as it seemed, and Gustav Stresemann, the minister for foreign affairs, knew it, warning; "The economic situation is only flourishing on the surface. Germany is in fact dancing on a volcano. If the short-term credits are called in, a large section of our economy would collapse."

The credits that Stresemann was referring to were the loans given to Germany by America under the terms of the Dawes Plan (an agreement drafted in 1924 that saw major US banks agreeing to lend $200 million to Germany) to help it pay the reparation debts owed to the Allied powers. Without these loans it was evident that Germany had no chance of paying its debts. Provided the money tap wasn't turned off, Germany would be able to keep on funding its war debt. Neither the Weimar Government nor anyone else could have anticipated that the whole money sink - never mind the tap - was about to be wrenched away.

Following years of meteoric growth, the stock market in America suddenly collapsed on 24 October 1929 (due to a number of causes, including consumer overconfidence and a sudden rise in interest rates). As the market's value plummeted and people rushed to withdraw their funds from the stricken banks, widespread panic rippled out across the Atlantic and infiltrated a still-recovering Europe. Without question, Germany was the country hit the hardest.

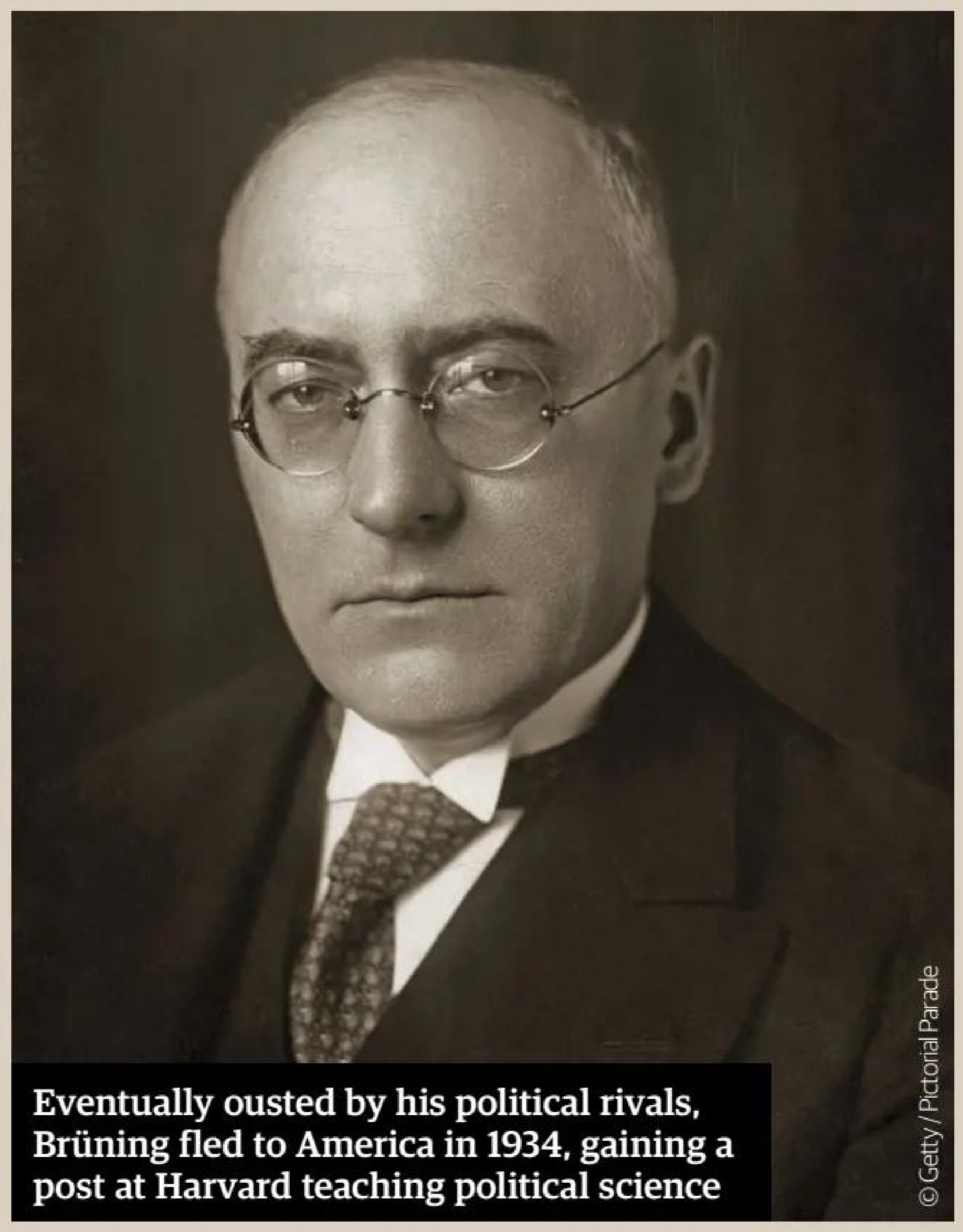
Desperate to recoup as much capital as possible, the American financiers who had lent Germany the money with which to pay its debts demanded the return of every dollar instantly, a request that Germany was simply not equipped to meet. Suddenly its industry was forced to hobble along without the crutches it had been depending on for years. Inevitably it crashed to the floor, with businesses across Germany forced to cease operations or downsize dramatically. Both had the inevitable consequence of causing massive



A department store is swamped by customers desperate to invest their money in material goods as the banks collapse

THE MAN WHO FAILED GERMANY

Grappling with a financial crisis engulfing the world, the Weimar Republic's chancellor utterly failed to reverse his people's fortunes



Eventually ousted by his political rivals, Brüning fled to America in 1934, gaining a post at Harvard teaching political science

© Getty / Pictorial Parade

A veteran of World War I, Heinrich Brüning reimmersed himself in civilian life following the conflict by serving in the League of German Trade Unions from 1920 to 1930, before entering into politics as the representative for Breslau.

Widely regarded as a financial expert, it wasn't long before Brüning became leader of his party, the Catholic Centre Party. Leading it ably, his profile grew, and when a new government was needed in the wake of the coalition's fall in March 1930, Brüning stepped forward to form it.

Brüning's ascent to the top of German politics coincided with the greatest economic downturn the world had ever known. In response to Germany's many travails, he eschewed increased government spending, instead deciding to raise taxes and cut unemployment benefits. Coupled with his other policies (including imposing tariffs on overseas agricultural goods), these measures served to halt the threat of inflation, but they also created more unemployment and severely dented living standards.

Despite these grave developments, the fact that Brüning forced his deeply unpopular policies through with the help of emergency decrees and then dissolved the Reichstag to call new elections would prove to be even worse decisions in the long run. When the votes had been counted in September 1930, it was found that the Nazis had gained huge support. The door to power had been opened for Hitler.

Rauchen verboten

Towering piles of banknotes stand ready to be distributed during a period of explosive hyperinflation that wrecked the German economy

unemployment. By the end of 1929, 1.5 million Germans were without a job.

A horrendous economic situation worsened in 1930 when the US imposed stiff tariffs on imports in order to protect its own businesses. Prior to this, the US had been the largest buyer of German industrial imports. Now it wasn't buying any, leading to more business closures and layoffs. The unemployment figure leapt from 1.5 to 3 million.

© Getty / Imagno

“ALREADY LOCKED IN A SEEMINGLY ENDLESS DOWNTURN, NOW GERMANY HAD TO WATCH ITS FUTURE GENERATIONS DIE OF STARVATION”

With little to no job security and the cost of living rising, Germans were understandably reluctant to spend, but their prudence only served to exacerbate the country's economic woes as businesses simply ran out of business. Industrial output shrivelled to just 58 per cent of 1928 levels and runs on the banks caused many to go under. Workers of all levels were impacted, meaning children from all backgrounds suffered when price hikes made food unaffordable. Already locked in a seemingly endless downturn, now Germany had to watch its future generations die of starvation, despite food shortages actually being rare.

Hoping to stem the flow following the failure of the Hoover Moratorium (a one-year relief from making debt payments for Germany that had been issued in June 1931 by US president Herbert Hoover), an international committee convened at the Lausanne Conference in Switzerland and reached an agreement that Germany would not be pressured into making immediate repayments and that its total bill would be reduced significantly to $713 million. Unfortunately, the situation was already so bad that the plan quickly became untenable as global trade was strangled.

Closer to home, an opportunity to curtail Germany's freefall was missed when, haunted by the spectre of hyperinflation, the government rejected calls to ramp up spending and instead moved to increase taxes, slash wages and embark on spending reductions in a bid to lower prices. These policies, which were so unpopular that President Paul von Hindenburg had to use emergency degrees to force them through, not only compounded the crisis but also (due to the means by which they came into power) fatally undermined democracy in an increasingly desperate nation. The maxim that desperate times call for desperate measures was about to be proven in the worst possible way.

Throughout the turbulence of what would become known as the Great Depression, a man hailing himself as Germany's saviour had been preaching to a swelling group of supporters about how he would restore the country to its former glories: a man called Adolf Hitler.

From 1930 onwards, support for the Nazi Party (with Hitler at its helm) blossomed as people sought for an end to their suffering, turmoil the Weimar Republic had completely failed to tackle. Holding just 12 seats in the Reichstag in 1928, by 1932 the Nazis could boast of having 230 and the title of being the largest party.

A key component in the Nazis' rise to eventual power was the yearning of the German people for someone, anyone, to arrest the nation's rapid decline. Many were lured by the Nazis' 25-point programme, which, among other things, promised to tear up the loathed Treaty of Versailles, which many people blamed for Germany's struggles. It also vowed to nationalise industry, enforce a fairer division of profits, abolish unearned income – such as rent, which many were finding difficult to pay – and seize new territories with which to sustain a German resurgence. When compared to the incumbent government's feeble offerings, it is easy to see why so many voters rushed to support the Nazis and their charismatic leader. Faith in democracy had been eroded, and wealthy business owners were terrified by the prospect of a Communist Germany, meaning Hitler had friends in many places.

Such was Hitler's hold on the political establishment that he even survived a temporary dip in support at the November 1932 Reichstag elections (the Nazis lost 34 seats but were still the biggest party). It was becoming clearer by the day to President Hindenburg that the backing Hitler enjoyed could not be ignored forever, and in January 1933 Hindenburg, with the urging of Franz von Papen, his chancellor, appointed Hitler as chancellor, with von Papen stepping down to vice chancellor. Both men were confident that Hitler could be manipulated to do their bidding. The world would pay for their gross misjudgement.

Selbst gezeichnete
Post Karten
von
Prof. R. Metz

© Getty / Imagno

A jobless music professor tries to sell homemade postcards in a square in Berlin

DESPERATE TO WORK

People take to the streets in Berlin to protest against widespread unemployment in Germany in 1930. At the time of this march, approximately 2 million had lost their jobs. By the time Hitler became chancellor in 1933, the figure stood at a staggering 6 million.

2 MILLIONEN
ERWERBSLOSE
1,2 MILLIARDEN
FÜR FÜRSTEN

© Getty / Hulton Archive

IT'S TOUGH ALL OVER

The effects of the Great Depression around the world

Words Edoardo Albert

Édouard Daladier, a Radical-Socialist politician, became prime minister of France in 1938 and remained in charge until the country fell to Germany in 1940

© Getty/AFP/Stringer

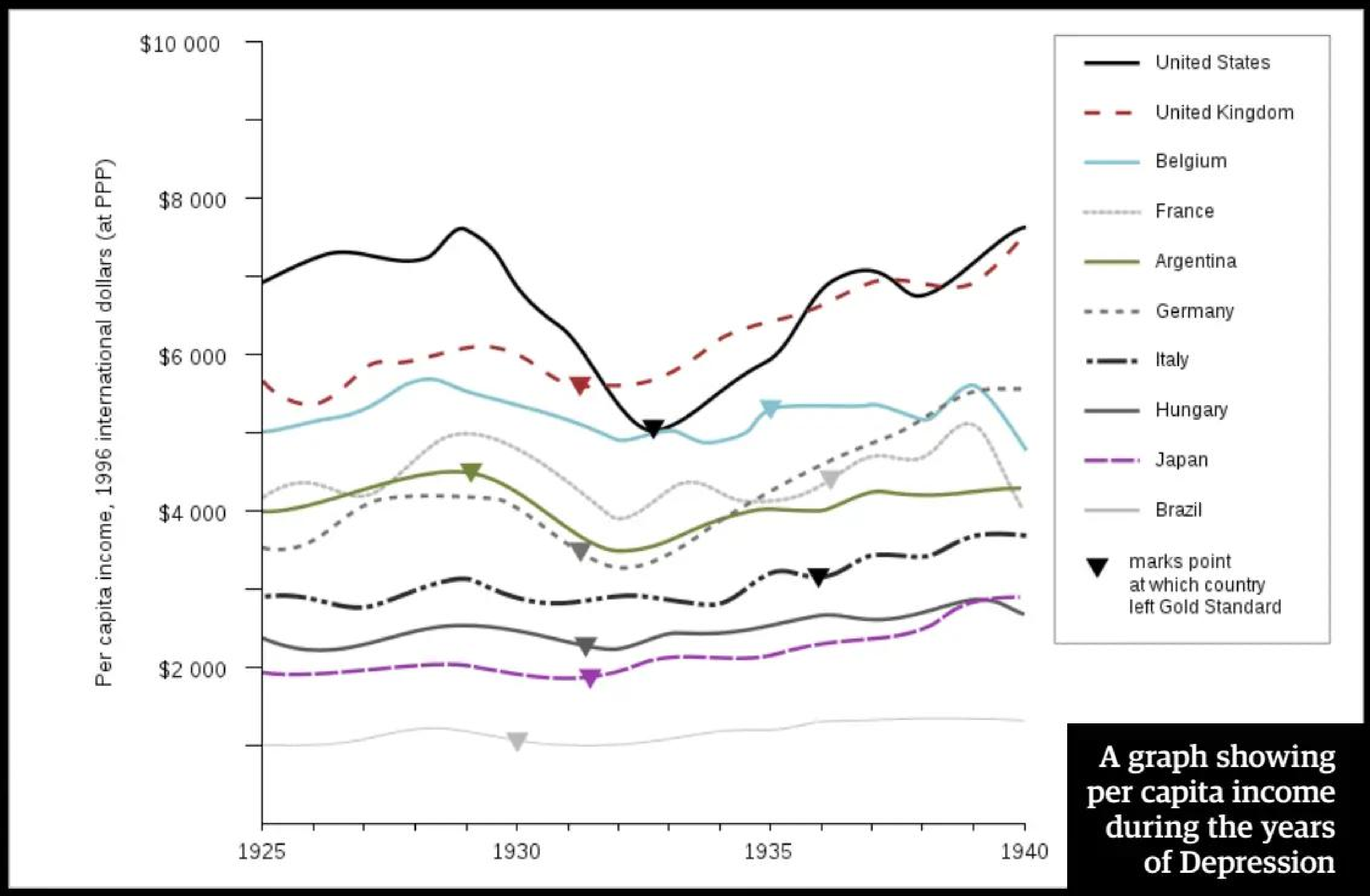
FRANCE 🇫🇷

Did France unwittingly cause the Great Depression?

Of the major combatants in World War I, France was the country to be least affected by the Great Depression. Not that it escaped unscathed, but unemployment never reached the heights seen in the United States, peaking at about five per cent of the working population. There was no banking crisis and the fall in production was lower than in many countries; about a 20-per-cent reduction on the 1929 figures.

However, the Depression lasted longer in France than in other countries, with the industrial production levels of 1930 still not having been regained by the start of World War II, while the unemployment levels refused to fall. The long grind produced a succession of political crises, leading to unstable governments, none of which were capable of dealing with the aggression of Hitler's Nazi regime in Germany.

Recent work by economic historians has also led to a new theory that the Bank of France may have played a much larger role in the Great Depression than previously thought, as a result of its accumulation of gold reserves between 1926 and 1932. In 1926, France held seven per cent of the world's gold reserves, but by 1932 this had increased to 27 per cent. This accumulation of gold added greatly to deflationary pressure.



A graph showing per capita income during the years of Depression

© Wiki/Will O'Neil

ITALY

It was all going so well…

Benito Mussolini giving a speech at the Fiat factory in Turin in 1932

Outside Italy, the country's contribution to World War I, in which it played a key role against Germany, is often forgotten. Impoverished by the cost of the war, Italy suffered greatly through the Biennio Rosso – 'the red years' – of 1919 and 1920 when the country appeared on the brink of revolution. The unrest led to the rise of Benito Mussolini's Fascist Party, which instituted a programme of public works that would be one of the inspirations for Franklin Roosevelt's New Deal in America.

So Italy had already been through depression and political turmoil by the time the worldwide Depression hit the country in 1931. Facing bank and company failures, Mussolini's government took the banks and companies into state control, through purchases by the Institute for Industrial Reconstruction. This meant that by the end of the 1930s the Italian government controlled more of the economy than any other country in the world, apart from the Soviet Union.

To ameliorate the effects of the Depression, the government authorised massive road and infrastructure schemes, in addition to increasing welfare spending. If not for his calamitous decision to enter World War II as Hitler's ally, Mussolini's government would likely have been seen as among the most successful in dealing with the effects of the Great Depression.

Mussolini spent nine months in front-line trenches during World War I, being discharged in 1917 after being wounded by a mortar

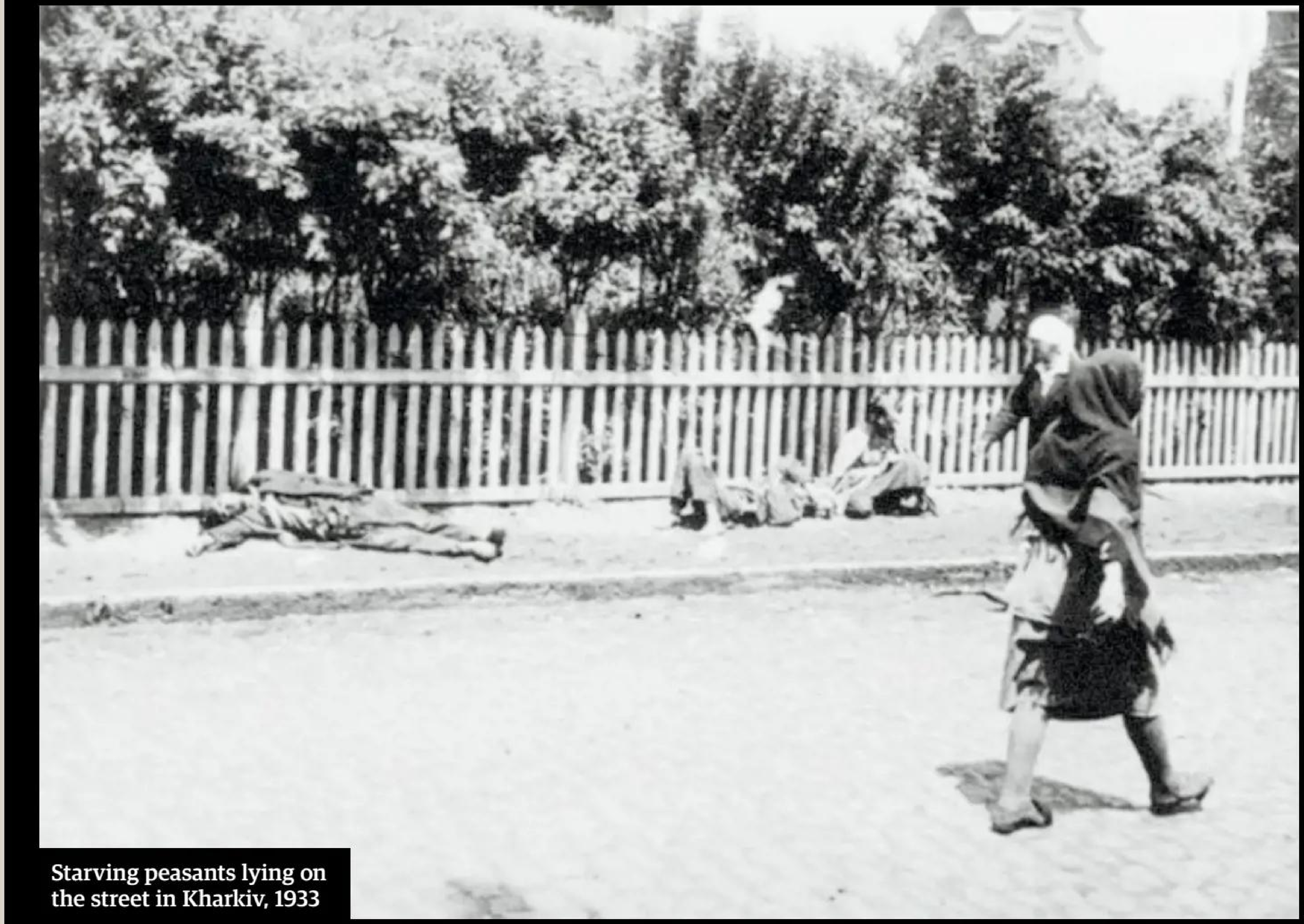
SOVIET UNION

No Depression here – just famine, gulags and total governmental control

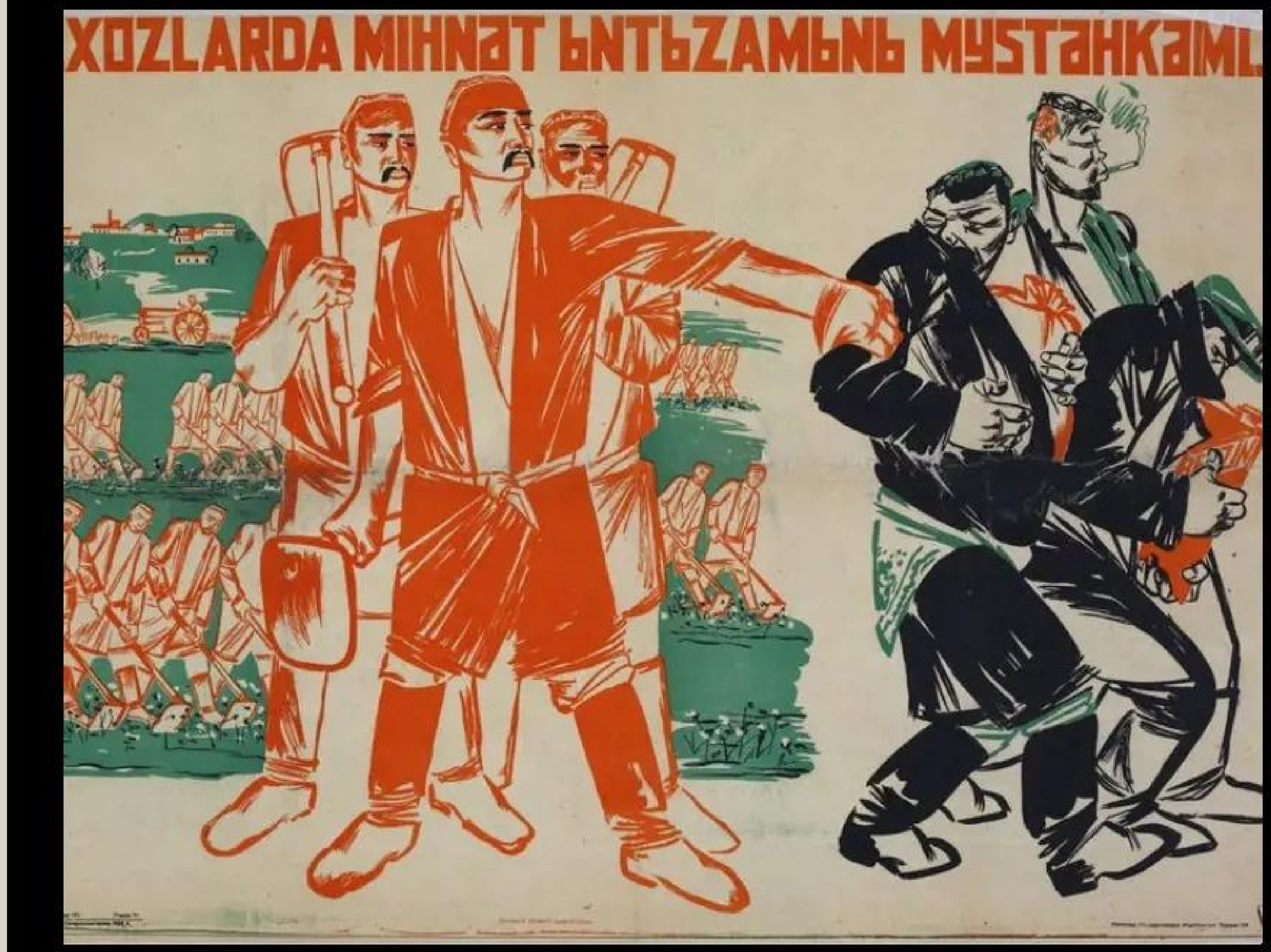
As a totalitarian communist state, the Soviet Union had largely cut itself off from global trade and international markets following the revolution in 1917 and the establishment of one-party rule. Since the country covered a vast area and had plentiful resources, such a policy was feasible. In fact, once Josef Stalin took control of the state, it was preferred.

To some extent eschewing the internationalist outlook of Lenin, Stalin concentrated on consolidating his rule and dragging a generally peasant, rural economy into the industrial age. In 1928, he instituted the first Five-Year Plan for the transformation of the Soviet economy. The plan closed all private businesses, with all the means of production coming under government control: Party bureaucrats were set production targets that were to be achieved within the stipulated five years.

As part of the plan, Soviet peasants, particularly in the Ukraine, were forced to transfer their land to state farms. The resulting famine, from 1932-33, called Holodomor or the Terror-Famine, killed millions through starvation, while another million were forcibly transported to Siberia, most of the transported dying there. So while the Soviet Union escaped the Great Depression, it did so at the price of one of the largest human-made catastrophes of the 20th century (a century not short of such catastrophes).



Starving peasants lying on the street in Kharkiv, 1933



A Soviet propaganda poster enjoining workers to 'Strengthen working discipline in collective farms'

A homeless boy during the Holodomor famine, a disaster that was totally avoidable

© Getty / Hulton Archive / Stringer

AUSTRALIA

Lots of goods but no one to buy them

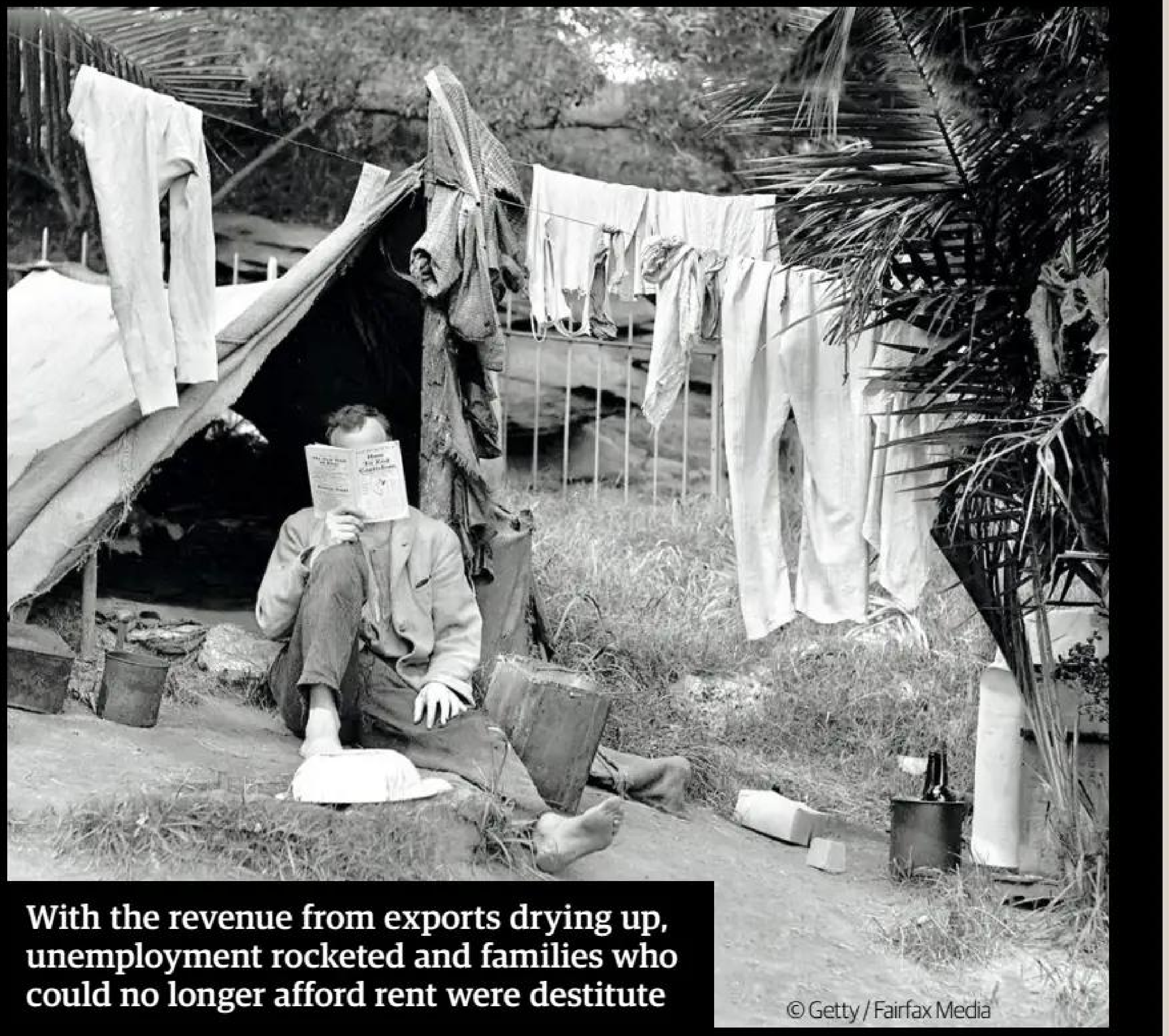
Australia, along with its antipodean neighbour, New Zealand, was heavily dependent on the export of raw materials and agricultural produce for the bulk of its foreign trade, with the United Kingdom as the main buyer for its goods. So when international trade collapsed at the end of the 1920s and on into the first years of the 1930s, the Australian economy suffered very badly.

By 1932, official figures recorded 32 per cent of the workforce as unemployed – the real figure was probably higher. The country's income had reduced by one-third and, without any welfare payments, destitute families were forced to rely on charities or the 'susso', a minimum state benefit for the really destitute that was barely enough for a meal a day. A children's rhyme of the time ran: "We're on the susso now, we can't afford a cow, we live in a tent, we pay no rent, we're on the susso now."

The Sydney Harbour Bridge opened in 1932 but in its first six months, 60 people jumped to their death from it. To find work, men travelled hundreds of kilometres – a traveller's ration card showing the holder had covered over 80 kilometres during the week entitled a man to food-ration coupons at country police stations. These swagmen ended up travelling thousands of kilometres.

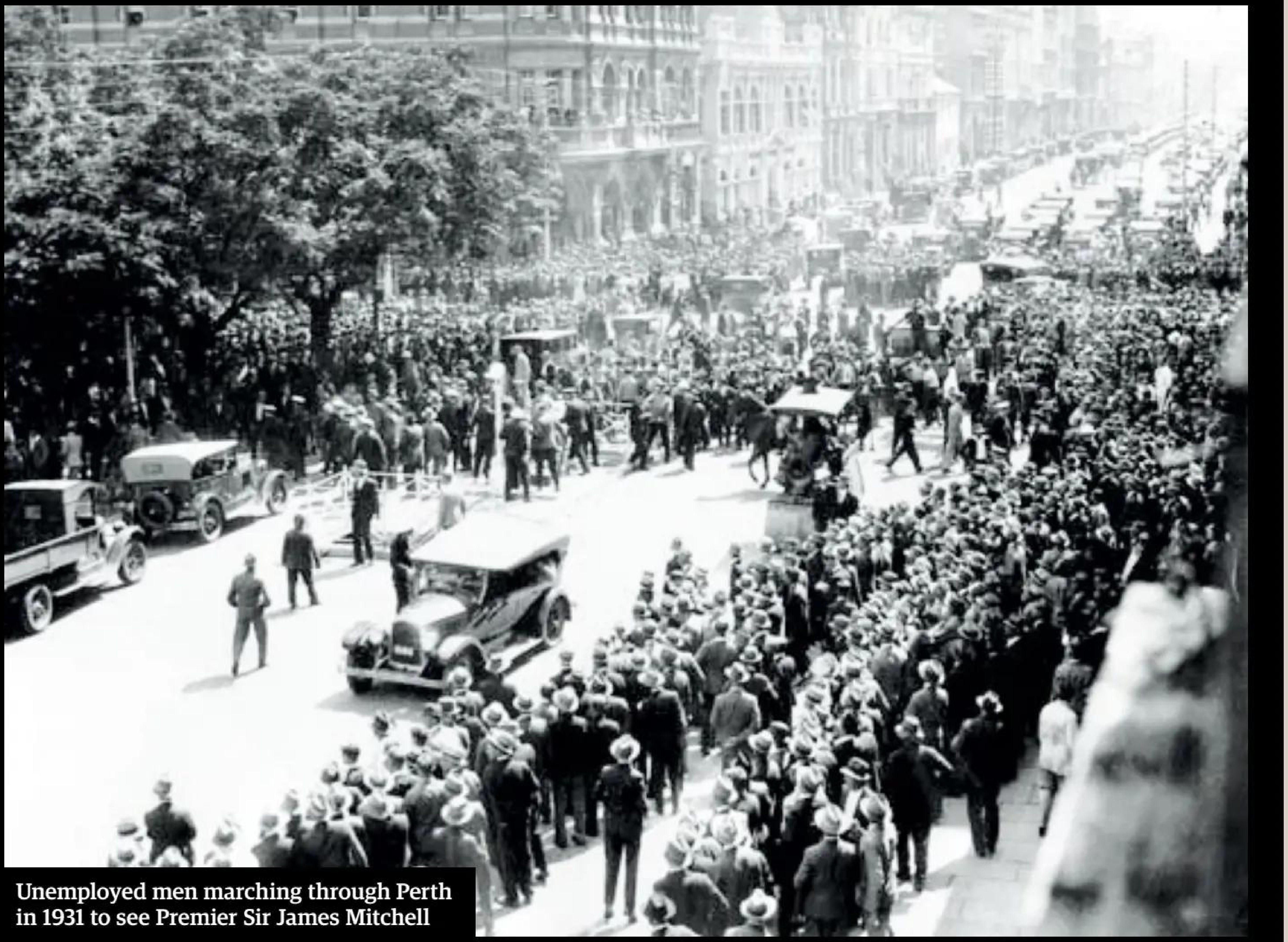
Sporting success, particularly in cricket where Don Bradman broke many records, raised Australian spirits during a bleak decade

© Wiki / State Library of South Australia

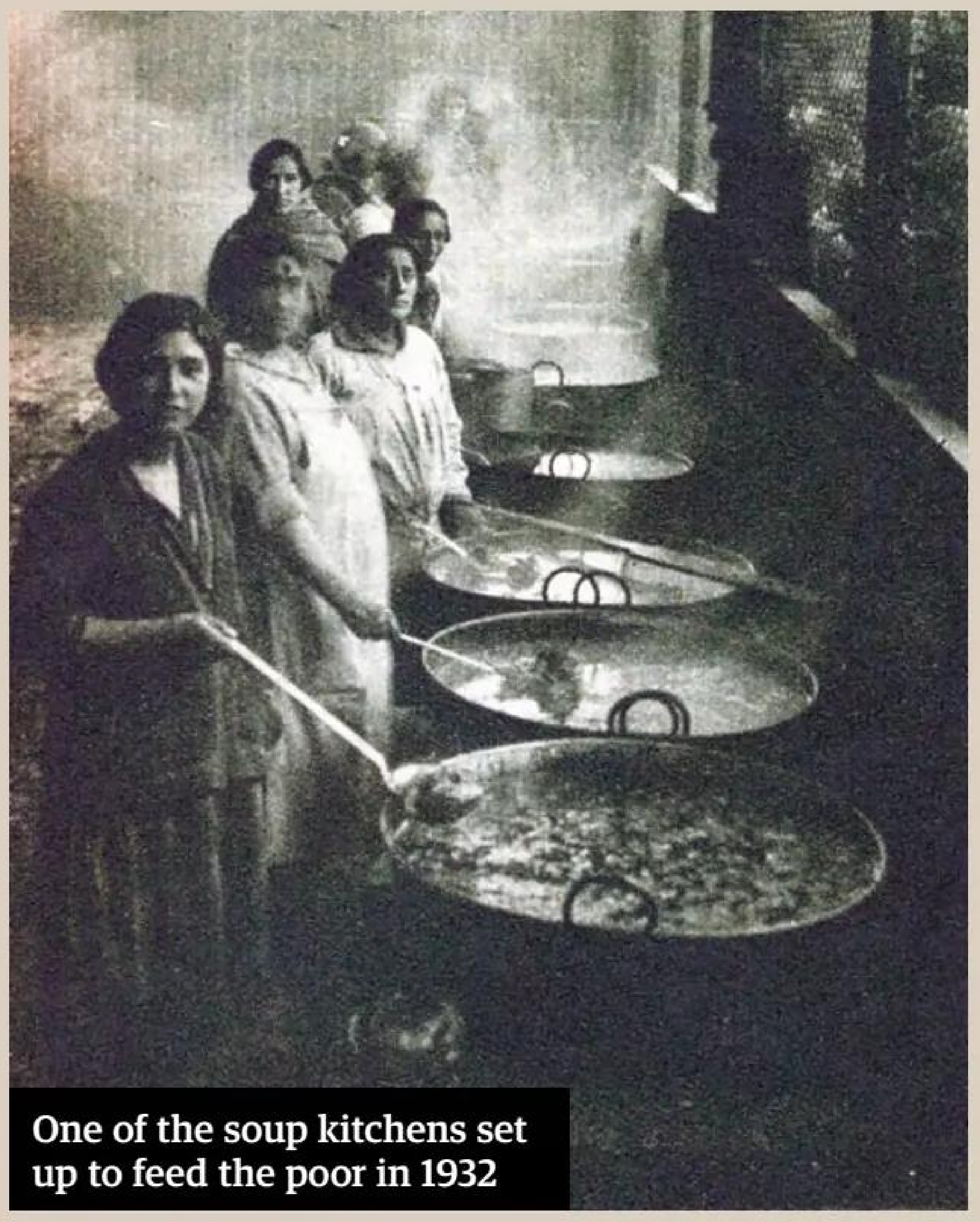


With the revenue from exports drying up, unemployment rocketed and families who could no longer afford rent were destitute

© Getty / Fairfax Media



Unemployed men marching through Perth in 1931 to see Premier Sir James Mitchell



One of the soup kitchens set up to feed the poor in 1932

CHILE

No trade, no money

One of the key effects of the Great Depression was the collapse in the international trade of commodities. So, for countries that depended on the export of raw materials for their income, the Depression was a disaster – and none more so than for Chile.

The Chilean economy revolved around the export of copper and saltpetre. Saltpetre, a form of nitrate, was used in chemical fertilisers, and copper is of course a key element in many industries. When the demand for these raw materials collapsed across the world, Chile's economy collapsed too: by some measures the country was the one that suffered the most severe economic contraction during the Great Depression, with exports dropping from $278 million in 1929 to $42 million in 1932, a colossal 85 per cent reduction.

The contraction in the mining industry led to thousands of unemployed miners migrating to the capital, Santiago, and the creation of shanty towns and soup kitchens to feed the destitute. In response, the Chilean government embarked on public works, raised tariffs, came off the Gold Standard and established licences for the import of foreign goods. As a result, the country was able to return to pre-Depression levels of industrial production by 1934.

The Great Depression caused the regime of Ibáñez to fall

CHINA

Peace in between the storms

While the rest of the world struggled, for China the decade from 1928 to 1937, known later as the Nanjing Decade, marked a period of political stability and economic growth bookended by the chaos of the Warlord Period before and the carnage of the Second Sino-Japanese War afterwards. Indeed, while the rest of the world suffered extreme economic contraction, the decade actually saw an expansion in China's economy.

During the decade, Chiang Kai-shek, the Nationalist leader, established his capital in Nanjing and succeeded in unifying the country under the rule of the Nationalists. Chiang Kai-shek's attempt to modernise the country was hampered by the continued resistance of the warlords who had torn China apart in the previous decades, tenuous authority over large swathes of the country, and the fact that the central government remained desperately short of money.

The decade also saw the revival of the opium trade, despite official condemnation. In fact, while the Nationalists mouthed platitudes against the trade, many officials, and the government itself, benefited from it; some estimates suggest the government received $100 million a year from the trade. This was just one aspect of the general problems with corruption that hindered Chiang Kai-shek's modernisation programme. And then the Japanese invaded.

Chiang Kai-shek's leadership saw China avoid any devastating impact of the Great Depression in the 1930s

© Pictorial Press Ltd / Alamy

JAPAN

Groundbreaking economic measures stave off crisis

Takahashi Korekiyo, whose revolutionary economic measures preserved Japan from the worst effects of the Depression

Japan had already suffered one crisis, the Showa Financial Crisis of 1927, before the Great Depression hit the country in 1930-31. However, the brilliant head of the Finance Ministry, Takahashi Korekiyo, embarked on a series of revolutionary measures to ameliorate the effects of the Depression in Japan, measures that would later become key parts of the arsenal of central banks and finance ministries throughout the world. The measures included increasing the money supply, borrowing money to pay for investment works, devaluing the currency and abandoning the Gold Standard that was having an increasingly deflationary effect on the rest of the world. The deficit spending was used, in part, by the military to build up Japan's armed forces.

What became known as the Takahashi Economic Policy produced high growth with little concomitant inflation during the period from 1932 to 1936, in marked contrast to the rest of the world. However, when Takahashi attempted to reduced spending on the armed forces, factions in the military responded by attempting a coup on 26 February 1936. Although the coup was suppressed, Takahashi was assassinated, and the new government no longer attempted to gainsay the military. Japan had become, in effect, a military state, preparing for war.

Rebel troops returning to barracks after the failure of the attempted coup

THE AFTERMATH

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STAINLESS
11906

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AMERICA'S MOST WANTED

The Crime Wave made celebrities of America's outlaws. They robbed, kidnapped and killed their way across America, lived fast and died young

The early 1930s brought chaos and crisis to America. 1929's Wall Street Crash created the Depression. Prohibition was intended to inaugurate a new, clean-living era. Instead it handed America's alcohol business entirely to gangsters. Racketeers made millions while thousands died from toxic home-made booze. Gangsters and citizens alike died in droves as rival crime-lords battled for supremacy.

The Roaring Twenties also created a different breed of gangster. Racketeers like Al Capone concentrated on gambling, bootlegging, extortion, drugs and prostitution. The 'yeggs' or 'yeggmen' ripped through state after state, robbing, kidnapping and killing almost at will. An Indiana bank one morning, an Illinois kidnapping that afternoon. The authorities seemed powerless to stop them.

Some, like Bonnie and Clyde, were responding to poverty and desperation. For John Dillinger it was a profession. For sadists like Lester Gillis, aka 'Baby Face' Nelson, it was a lucrative way to punish a society they despised. Almost all their lives were short, their ends seldom merry. Most would end their days in prison or a hail of lead.

The Old West outlaws had been content with six-shooters, Winchester rifles, shotguns and horses. Yeggs, however, had much better tools. Revolvers were largely replaced by automatic pistols. The Winchester gave way to the Tommy gun and the Browning Automatic Rifle. Bulletproof vests were fashionable and horses replaced by cars. Sawn-off shotguns, however, remained popular.

America had never seen such outlaws. Never again would they wreak such havoc and bring so much slaughter.

K. S. P.
KATE BARKER

Ma Barker and son Fred were killed in Florida in January 1935. Ma's influence on the gang is staggeringly overstated

The Crime Wave wasn't an isolated event, nor an event in its own right. The period between 1920 and 1935 could be considered the Golden Age of lawlessness and the Crime Wave merely its crescendo. It wasn't the most violent period of history, merely the best-publicised. The new breed included Bonnie and Clyde, John Dillinger, the Barker-Karpis Gang, Charles 'Pretty Boy' Floyd and 'Baby Face' Nelson.

Some, like Ma Barker and Bonnie and Clyde, were portrayed as being criminal masterminds they definitely weren't. Others, like John Dillinger, were natural criminals wanting easy money and lasting fame. Born without money or connections they were people for whom the American Dream would remain exactly that without drastic action.

'BABY FACE' NELSON KILLED THREE FBI AGENTS, STILL THE RECORD NUMBER KILLED BY A SINGLE FELON

While handing America's booze business to the underworld, Prohibition did something far worse: it inspired in many Americans a disrespect for the law. Some almost considered it their duty to drink illegally. Prohibition recast gangsters, especially bootleggers, from public enemies to public servants.

The economic meltdown left millions destitute. As it worsened, banks foreclosed loans, bankrupted businesses and repossessed homes. Many people saw bankers as natural enemies and the outlaws as heroes. If nothing else, people like Dillinger were viewed as honest crooks unlike the bankers they were robbing. That and their media-friendly exploits entranced a population that was desperately wanting some entertainment.

Dillinger's mentor Harry Pierpont, when tried for murder, bluntly told the prosecutor, "I'm not like some bank robbers, I didn't get myself elected president of the bank first." Millions of Americans felt the same. Some, broke and desperate, decided to act.

Dillinger was one of them. He bore a grudge against the law after mugging a shopkeeper in 1924. Offered leniency by the judge in return for a guilty plea, he drew between nine and 20 years. Convinced the law were out to get him, he used his time learning a more lucrative craft – armed robbery.

Paroled from Indiana State Penitentiary in May 1933, Dillinger had learned from some of the toughest yeggs around. Harry Pierpont, Ed Shouse, Russell Clark, Walter Dietrich and Charles Makley were all seasoned pros. Fellow alumnus Homer van Meter joined them later. In return for their joining the first Dillinger Gang, Dillinger arranged their escape. Robberies provided the money and guns were smuggled into the prison. On 26 September 1933 ten inmates escaped, and the first Dillinger Gang was ready to go.

Dillinger, however, had been arrested the previous day. Springing him in Lima, Ohio, on 12 October, Pierpont murdered Sheriff Jess Sarber. After robberies in Wisconsin, Illinois, Ohio and Indiana and Dillinger's first murder (Patrolman William O'Malley), the gang fled for Florida, then Arizona. It proved a bad idea.

In Tucson the gang was recognised and, in January 1934, arrested. Dillinger was extradited to Indiana's 'escape-proof' Crown Point jail for murdering O'Malley. Pierpont, Clark and Makley went to Ohio for murdering Sheriff Sarber. Both states had the electric chair and fully intended using it.

Dillinger didn't end up staying long – a smuggled pistol and sheer bravado aided his escape on 3 March. Stealing Sheriff Lillian Holley's car he headed for Chicago, but it proved to be a fatal mistake for him. No matter what Dillinger did, the FBI couldn't intervene until he committed a federal crime, much to their frustration. Driving a stolen car across a state line invited the G-Men to enter the fray. Hoover immediately put a $15,000 bounty and shoot-to-kill order on the outlaw.

Dillinger soon formed a new gang. Homer van Meter, Tommy Carroll and John 'Red' Hamilton joined, him, along with the notorious 'Baby Face' Nelson. No gang member liked or trusted Nelson. They feared his hair-trigger temper and sadism, and they resented his ego. Van Meter had feuded with Pierpont, now he feuded with Nelson.

The 'G-Men' hunting him were mainly law graduates and accountants, mostly without any policing experience. It showed in their pursuit of Dillinger, which was at times farcical. That said, they were still learning their craft against seasoned career criminals and learning fast. Epic blunders like their chaotic raid on Wisconsin's Little Bohemia Lodge on 22 April 1934 were harsh lessons, but necessary.

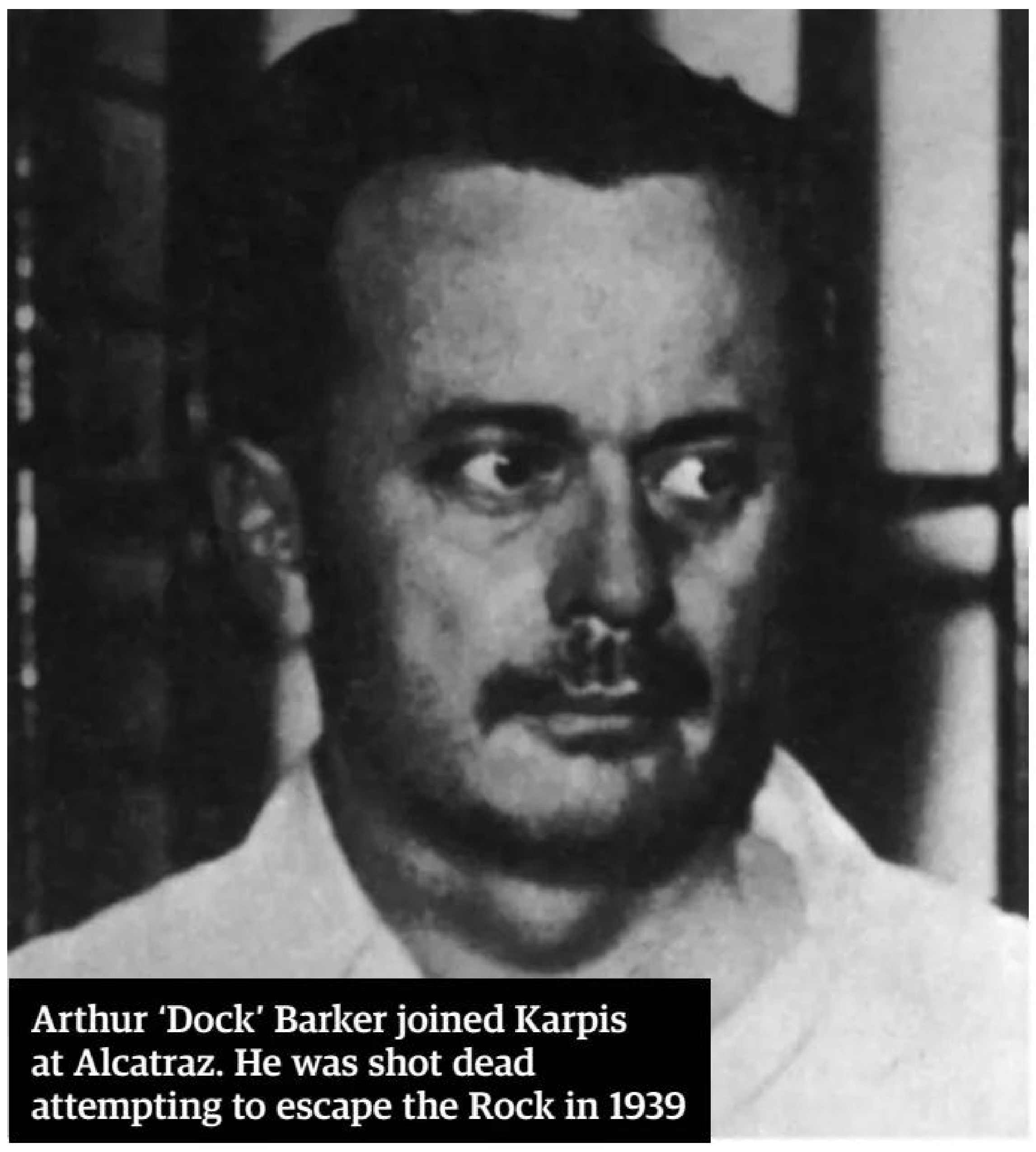
The gang escaped Little Bohemia, Nelson murdering one FBI agent and wounding another. Three innocent bystanders were shot. With every failure the Bureau was increasingly humiliated, but all the more determined to destroy Dillinger. The tide of public opinion had also started turning.

Van Meter, Carroll and Hamilton fell in gunfights, one after another. At Mason City, Iowa, in March 1934 bystanders attacked the gang and Dillinger was wounded. At South Bend, Indiana on 30 June, bystanders again attacked them. Nelson went berserk even for him, spraying bullets in all directions.

Several bystanders were wounded and police officer Howard Wagner was shot dead. It was their last heist. The Dillinger Gang then scattered, never to reform. Dillinger himself had only weeks to live.

Dillinger's end came in Chicago, somewhere he visited regularly. Too regularly, as it turned out. Calling himself Jimmy Lawrence, he lived quietly. He was often at Chicago's cinemas and regularly visited local brothel madam Ana Cumpănaș (alias 'Anna Sage'). Cumpănaș knew his true identity and, facing deportation to Romania for brothel-keeping, had cut a deal with FBI inspector Sam Cowley. 22 July 1934 would be John Dillinger's last picture show.

Sage and employee Polly Hamilton visited the Biograph cinema with Dillinger to watch *Manhattan*



Arthur 'Dock' Barker joined Karpis at Alcatraz. He was shot dead attempting to escape the Rock in 1939

Melodrama. A gangster movie starring Clark Gable, it ends with Gable's character facing the electric chair. Acting on Sage's tip-off, FBI agents planned a simpler end for Dillinger. Sage wore an orange dress that evening for easy identification and, as the trio left the Biograph, agents moved in.

Dillinger, realising he'd been betrayed, ran. Agents Clarence Hurt and Charles Winstead immediately opened fire and Dillinger was shot dead. Amid the chaos, bystanders, realising what they'd just witnessed, claimed souvenirs by dipping handkerchiefs in his blood. The notorious public enemy was gone.

Pierpont and Makley didn't last much longer. Condemned, they tried escaping the Death House at Ohio State Penitentiary in September 1934, but Makley was shot dead and Pierpont crippled. He was carried to the electric chair on 17 October only days after his 32nd birthday. Nelson, whose violent nature guaranteed his early death, became Public Enemy Number One after Pretty Boy Floyd was killed by FBI agents on 20 October 1934. However, his reign only lasted for one month before the FBI killed him too on 27 November.

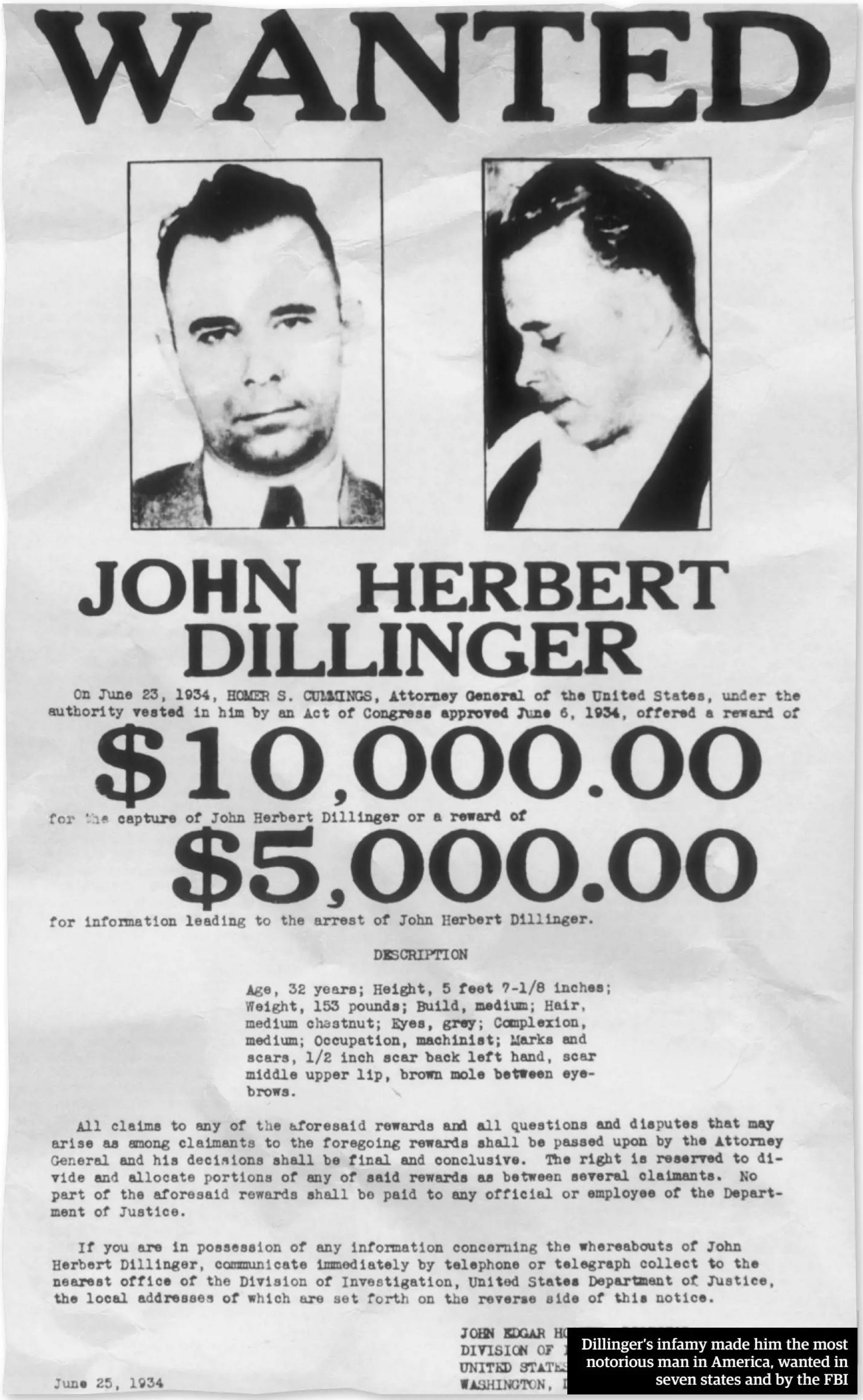
Dillinger was perhaps the most infamous public enemy, but only one of many. Bonnie Parker and Clyde Barrow have also been immortalised. Dillinger was a professional, his crimes often well planned. Bonnie and Clyde, however, blazed a chaotic trail through several states. They earned celebrity and a romantic, likeable image neither deserved.

Contrary to popular belief Clyde Barrow wasn't a criminal incompetent, a sadist or master criminal. He was simply a skilled getaway driver and excellent shot whose ambition outstripped his talent. Born in Florida, he grew up as a petty criminal in the West Dallas slums. Catching the criminal bug from older brother Buck, it never left him.

Homicidal sadist 'Baby Face' Nelson happily killed for killing's sake - no brutality was off-limits to him

TEXAS
65949
HENRY METHVIN.
Age 20 (1931). Ht 5-9½ Wt 170. Hair Lt.Brown
ks and Scars.
ft middle
rced and
inner.

Henry Methvin, last of the Barrow Gang. His father assisted Bonnie and Clyde's ambush to protect his son



WANTED

JOHN HERBERT DILLINGER

On June 23, 1934, HOMER S. CUMMINGS, Attorney General of the United States, under the authority vested in him by an Act of Congress approved June 6, 1934, offered a reward of

$10,000.00

for the capture of John Herbert Dillinger or a reward of

$5,000.00

for information leading to the arrest of John Herbert Dillinger.

DESCRIPTION

Age, 32 years; Height, 5 feet 7-1/8 inches; Weight, 153 pounds; Build, medium; Hair, medium chestnut; Eyes, grey; Complexion, medium; Occupation, machinist; Marks and scars, 1/2 inch scar back left hand, scar middle upper lip, brown mole between eyebrows.

All claims to any of the aforesaid rewards and all questions and disputes that may arise as among claimants to the foregoing rewards shall be passed upon by the Attorney General and his decisions shall be final and conclusive. The right is reserved to divide and allocate portions of any of said rewards as between several claimants. No part of the aforesaid rewards shall be paid to any official or employee of the Department of Justice.

If you are in possession of any information concerning the whereabouts of John Herbert Dillinger, communicate immediately by telephone or telegraph collect to the nearest office of the Division of Investigation, United States Department of Justice, the local addresses of which are set forth on the reverse side of this notice.

JOHN EDGAR HO
DIVISION OF
UNITED STATE
WASHINGTON,

June 25, 1934

Dillinger's infamy made him the most notorious man in America, wanted in seven states and by the FBI

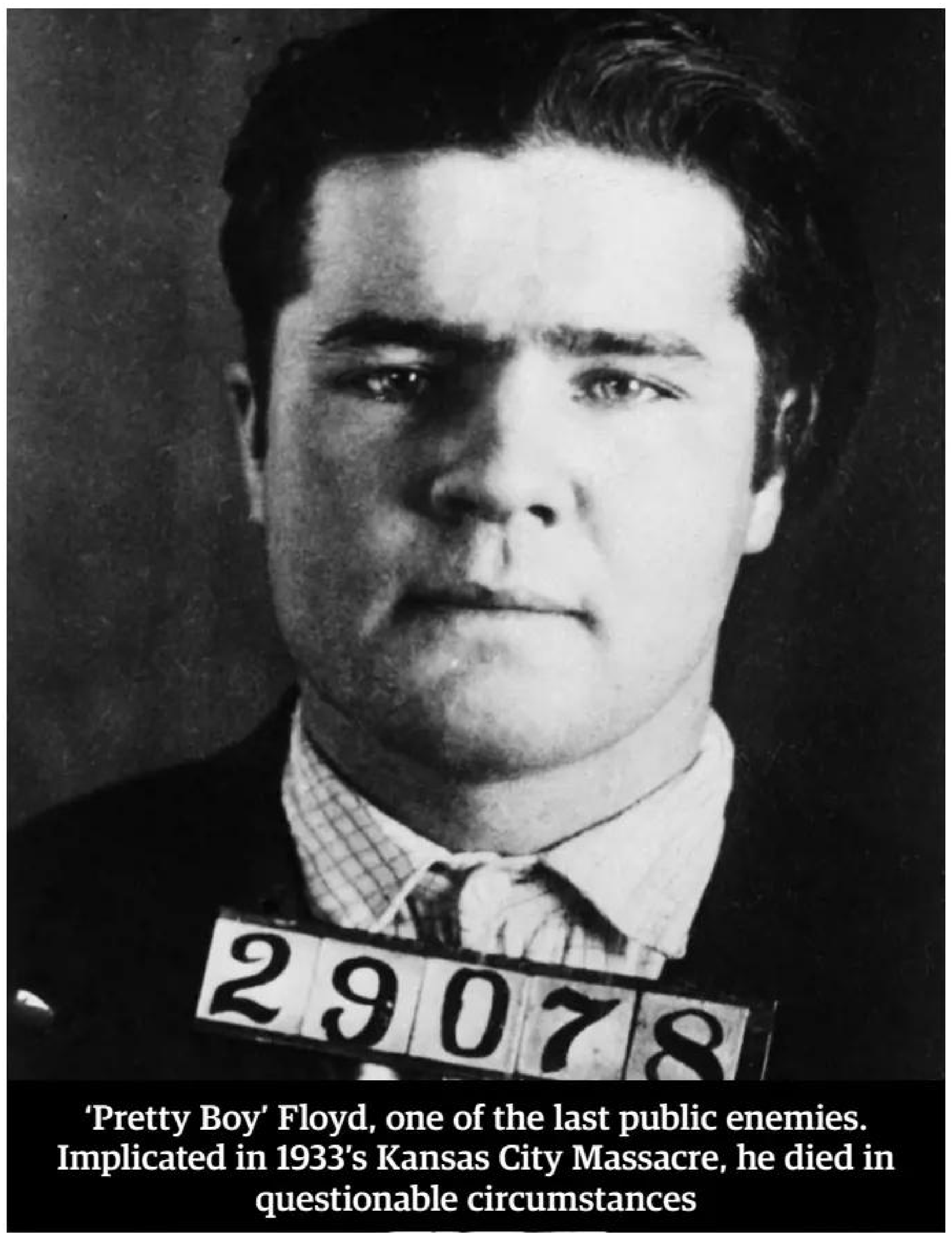
> **"CONTRARY TO POPULAR BELIEF CLYDE BARROW WASN'T A CRIMINAL INCOMPETENT, A SADIST OR MASTER CRIMINAL"**

© Corbis, Alamy

John Dillinger's body on display in a Chicago morgue following his death

Neither did Bonnie Parker. Bonnie never married Clyde, having already married minor crook Roy Thornton. Like Clyde, Bonnie was a nobody who wanted to be somebody. Clyde also wanted life's finer things but disdained honest work, committing numerous thefts and burglaries.

When Clyde was imprisoned in March 1930, Bonnie helped him to escape, smuggling a gun into the jail. Quickly recaptured, Clyde was sent to Eastham Prison. While Texas had the worst prison system in the United States, Eastham was the worst prison in Texas.



'Pretty Boy' Floyd, one of the last public enemies. Implicated in 1933's Kansas City Massacre, he died in questionable circumstances

"THE BAR FIRED 650 ARMOUR-PIERCING BULLETS PER MINUTE. TOMMY GUNS, AUTOMATIC PISTOLS, REVOLVERS AND SHOTGUNS COMPLETED THEIR ARSENAL"

Clyde narrowly survived. Hard labour, poor food and brutality were standard practice, while inmates fought among themselves. One, Ed Crowder, repeatedly raped Clyde, and hard labour almost killed him. At Eastham, Crowder became Clyde's first known murder. Clyde chopped two toes off one foot to get out, earning himself a permanent limp. Only days later he was pardoned anyway and released.

Clyde vowed he'd never be jailed again. He'd only revisit Eastham, he said, to free every inmate and kill every guard. That said, arranging a mass prison break needed money and firepower. The only way to get both was to steal them. The Barrow Gang's spree was about to begin.

Lacking the criminal skill or connections of top-flight bandits, Bonnie and Clyde robbed far more gas stations, drugstores and grocer's shops than banks. They seldom took more than $100 – in fact, it was often less. The Barker-Karpis Gang once took $240,000 in a single robbery; Bonnie and Clyde managed less in their entire career. Their largest haul was just $3,800.

They also committed many murders; at least 11 people died at their hands and many more were injured. Clyde also recruited older brother Buck, Ray Hamilton and teenager WD Jones. Only Hamilton had any significant criminal pedigree – the others were small-timers who Clyde had recruited along the way. Hamilton proved a constant problem.

Both Clyde and Hamilton were small men with big egos and controlling natures. Neither worked well with others, Hamilton regularly needling Clyde. They argued over the Eastham raid, something Clyde desperately wanted and Hamilton wasn't interested in. Clyde resented Hamilton's skill, Hamilton thought Clyde trigger-happy. Before long Hamilton quit, being arrested, tried and sent to Eastham shortly afterward.

They drove up to 1,600 kilometres a day, stopping only to rest and rob. Clyde always drove, preferring Ford V8s wherever he could get one. The V8 was fast, easily driven and easily stolen, perfect when local cops often had slow pick-up trucks.

Another advantage was firepower. Most local cops then carried revolvers and might own a shotgun or rifle for hunting. The gang raided National Guard armouries for the Browning Automatic Rifle, Clyde's

Bonnie and Clyde have been overly glamorised by the media. Minor crooks at best, their profile far exceeds their ability

SAFE HAVENS: A GANGSTER'S PARADISE

Crossing state lines was one way to evade capture. Constant movement was another. Gangsters with money and connections had another option: safe havens operated by corrupt cops, politicians and local gangsters. If they could afford the steep fees, they could live, openly and unmolested, in towns where cops were as crooked as robbers.

Hot Springs, Arkansas, was effectively a gangster's paradise run by transplanted New York gangster Owny 'The Killer' Madden. With Madden's approval, fugitives could live there in peace unless federal agents found them. The local police were largely on Madden's payroll – even chief detective 'Dutch' Akers.

Saint Paul, Minnesota, was run by Harry Sawyer out of his notorious 'Green Lantern' tavern. Gangsters like Dillinger and the Barker-Karpis Gang lived there quite openly. Through Sawyer and corrupt police and politicians, fugitives knew the deal – if they paid up and committed no crimes in or near Saint Paul, they had little to worry about.

Joplin, Missouri, was equally notorious, although less attractive following the Barrow Gang's shoot-out there in April 1933. Joplin's arrangement wasn't as formal as those of Saint Paul or Hot Springs. The risk of honest police actually policing the town made it less of a safe haven.

favourite. The BAR fired 650 armour-piercing bullets per minute. Tommy guns, automatic pistols, revolvers and shotguns completed their arsenal.

They could often out-run or out-gun pursuers although there were several lucky escapes. In Joplin, Missouri, they narrowly escaped a shoot-out in April 1933. July saw shoot-outs in Platte City, Missouri, and Dexter, Iowa. In Dexter Buck was mortally wounded. Clyde, breaking his promise never to desert them, left Buck and wife Blanche to be captured. The spree continued into 1934. Drugstores, grocers, gas stations and occasionally banks providing little money and lots of bloodshed. The worst was yet to come. Clyde still hadn't forgotten about Eastham.

'The Bloody Ham' had remained as miserable as ever. Clyde also had another reason. Ray Hamilton was jailed there and his brother Floyd informed Clyde he wanted out. Clyde duly obliged on 16 January 1934, springing Hamilton, murderer Joe Palmer, double murderer Hilton Bybee and Henry Methvin. Recruiting Methvin was a fatal mistake.

The raid was also fatal for guard Major Joel Crowson, shot by either Palmer or Hamilton. Guard Bozeman was wounded, but survived. On his deathbed Crowson identified Clyde to Lee Simmons, head of the Texas prison system. Before Crowson's death Simmons promised him the gang would be destroyed. Simmons knew the man for the job: legendary former Texas Ranger Frank Hamer.

Hamer was an old-school Ranger, tough and ruthless. His mind was as quick as his gun. He was tireless and clever, learned a fugitive's habits, their favourite clothes, cars, guns, even their favourite alcohol and cigarettes. The better Hamer knew them, the easier he caught them. Or killed them. As he himself put it: "The best way to enforce the law is with a .45 in the gut."

Hamer tracked them endlessly. Clyde was a dandy, loving expensive clothes. Contrary to myth Bonnie smoked cigarettes, not cigars. He learned everything he could about them. Most importantly he found their love-nest in an abandoned house near Gibsland, Louisiana, not far from Methvin's parents. To save Henry, his parents offered a deal. If they helped Hamer, Henry would be pardoned in Texas. The deal was made. An ambush was set.

MURDERING A FEDERAL AGENT WASN'T ACTUALLY A FEDERAL CRIME UNTIL 1935 WHEN THE 'PUBLIC ENEMY' ERA WAS VIRTUALLY OVER

Hamer wasn't alone; with him were Dallas lawmen Ted Hinton and Bob Alcorn, both of whom had known Bonnie and Clyde before their crime spree. Local deputy sheriff Prentiss Oakley, highway patrolman Manny Gault and Oakley's boss, Bienville county sheriff Henderson Jordan. Jordan and Hamer had brokered Ivy Methvin's deal with Texas governor Miriam Ferguson.

The ambush site was an isolated road outside Gibsland, Louisiana. The ambush party was heavily armed and Simmons had specifically asked Hamer to kill them. After waiting a couple of days, Ivy Methvin grudgingly agreed to help. On the morning of 23 April 1934 Methvin parked his truck nearby, pretending to have broken down. If Bonnie and Clyde arrived, they'd probably stop. If they stopped or slowed, Bonnie and Clyde would die. They did stop. The posse raked them with more than 150 bullets.

The Barker-Karpis Gang was equally vicious without the enduring infamy of Dillinger or the Barrow Gang. Barker brothers Arthur and Fred with Fred Goetz, Volney Davis, Bryan Bolton and their probable leader

Alvin 'Creepy' Karpis committed a string of armed robberies and murders. According to FBI Director J Edgar Hoover they were led by Kate 'Ma' Barker, who taught them every form of violent crime. According to most more objective sources, Hoover used her as a scapegoat to explain FBI agents killing her and Fred in Florida in 1935. As fellow yegg Harvey Bailey put it, "That old woman couldn't plan breakfast."

Like Dillinger and the Barrow Gang they exploited fast cars, automatic weapons, bulletproof vests, inexperienced FBI agents and crossing state lines to evade capture. Unlike the others, they were also kidnappers demanding large cash ransoms.

CROSSING STATE LINES PREVENTED POLICE PURSUING OUTLAWS OUTSIDE THEIR OWN JURISDICTIONS

Raised in Tulsa, Oklahoma, the Barkers were juvenile delinquents and petty crooks. Ma always protested their innocence of any crimes and obstructed efforts to catch them. It's highly unlikely that she was anything more than a willing accomplice – no evidence exists to support Hoover's claim.

Between 1932 and 1936 the Barker-Karpis Gang robbed banks, post offices and payrolls, stealing several hundred thousand dollars. They also committed numerous murders, including suspected informants and gang members considered untrustworthy. In 1935 Karpis even robbed a train in Garretsville, Ohio, and Chicago's Federal Reserve Bank netted a big score in September 1933. Their largest robbery was in Concordia, Kansas, in 1932, taking $240,000.

They earned considerably more from kidnapping. In Minneapolis, Minnesota, they abducted brewery heir William Hamm on 15 June 1933. The $100,000 was quickly paid, securing Hamm's release. The kidnapping occurred only two days before the Kansas City Massacre that boosted Hoover's efforts to make the FBI credible crime-fighters.

On 17 January 1934, the day after Clyde's Eastham prison raid, the Barkers abducted Edward Bremer, manager of the Jacob Schmidt Brewing Company, demanding $200,000. Coming so soon after 1932's Lindbergh kidnapping and almost coinciding with Eastham and Kansas City, the members of the Barker-Karpis Gang found themselves hunted everywhere.

Regular robberies increased their take and their mounting body count. Heists, shoot-outs and murders in North Dakota, Minnesota, Kansas, Illinois, Nebraska, Missouri, New Jersey and Ohio cost over a dozen lives. When Karpis was captured in New Orleans in April 1936, he was accused of committing at least nine murders personally and implicated in at least 16. If captured, they risked execution in at least seven states.

They were ruthless in killing police officers and sometimes bystanders, but perhaps most ruthless toward their own accomplices. Underworld doctor Joseph Moran and gang member Arthur Dunlap died as suspected informers. The gang was fully prepared to kill even its own if they came under suspicion.

Law enforcement were equally ruthless, especially the FBI. Every public enemy caught or killed was grist to Hoover's mill and the Barker-Karpis Gang was no exception. Hoover's publicity machine trumpeted FBI successes as loudly as possible. Slain gangsters made for good column inches and newsreels, the bodies of Dillinger and 'Pretty Boy' Floyd being publicly displayed. The Barker-Karpis Gang was luckier than most. Most were taken alive with the notable, controversial exceptions of Fred and Ma.

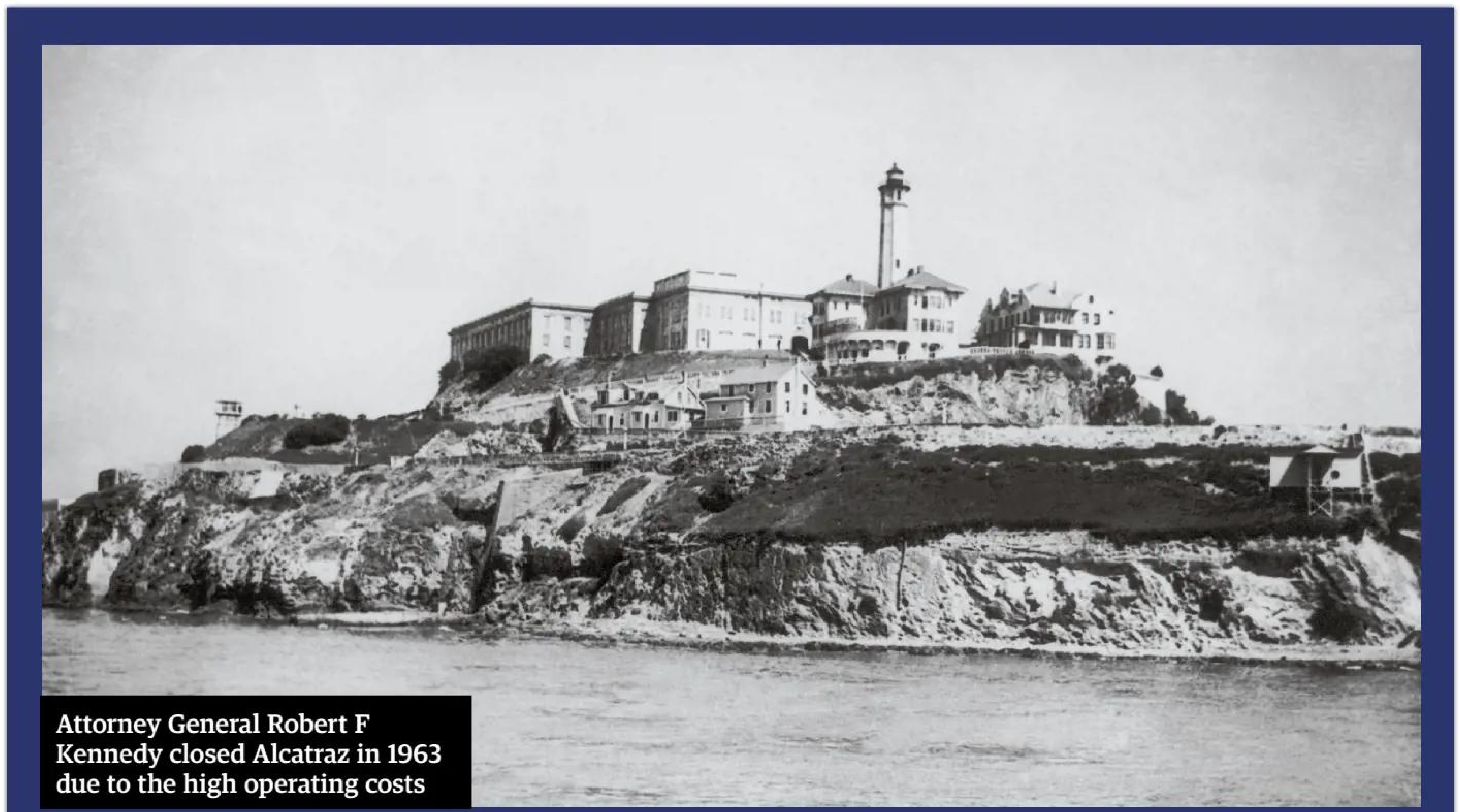
In January 1935, they were tracked to a secluded house near Oklawaha, Florida. The shoot-out lasted several hours, with Ma and Fred fighting even after tear gas was fired through the windows. When police and FBI agents finally entered the building, Ma and Fred were both dead. Hoover claimed Ma had died shooting beside her son. This has always been fiercely debated, with Hoover accused of lying to increase public support for his Bureau.

While Ma and Fred went to their graves, most of the gang went to prison. Arthur 'Dock' Barker was captured in January 1935 with Bryan Bolton; he died in 1939 trying to escape Alcatraz. Also on the Rock was Bill Weaver, who died of a heart attack in 1944. Volney Davis and Harry Campbell served decades before their releases.

Last to be caught was Alvin Karpis. By then the G-Men were mopping up the last of the public enemies – Karpis' arrest in New Orleans in April 1936 was marked by the personal appearance of J Edgar Hoover himself. Stung by political criticism of his never having personally arrested anyone and with his fitness to run the Bureau being questioned, Hoover claimed he personally arrested Karpis. The outlaw sneeringly disagreed, stating Hoover only appeared after agents had detained and disarmed him. As he later put it: "If that version of my arrest is any criteria, you know, as to the contents of this book, oh boy, they should put it right on a shelf for fairytales."

Karpis re-joined the remaining gang members on Alcatraz in 1936, serving 26 years there and becoming its longest-serving inmate. Transferred to McNeil Island, he was finally released in 1969 after 33 years. Harvey Bailey went to Alcatraz in August 1933. He was in prison until 1965.

By 1936, the public enemies were effectively finished, mostly imprisoned or dead. It's a measure of their enduring status that the FBI Academy shooting range is still haunted by one. Targets used by today's trainees still bear the face of a former Public Enemy Number One and celebrity gangster John Dillinger.



Attorney General Robert F Kennedy closed Alcatraz in 1963 due to the high operating costs

WELCOME TO 'THE ROCK'

Originally a fort and military prison, Alcatraz opened in August 1934 as America's first supermax penitentiary. Alvin Karpis, George 'Machine Gun' Kelly, Al Capone, Arthur 'Dock' Barker and many others served time there. Perhaps its most famous inmate was murderer Robert Stroud, the 'Birdman of Alcatraz'.

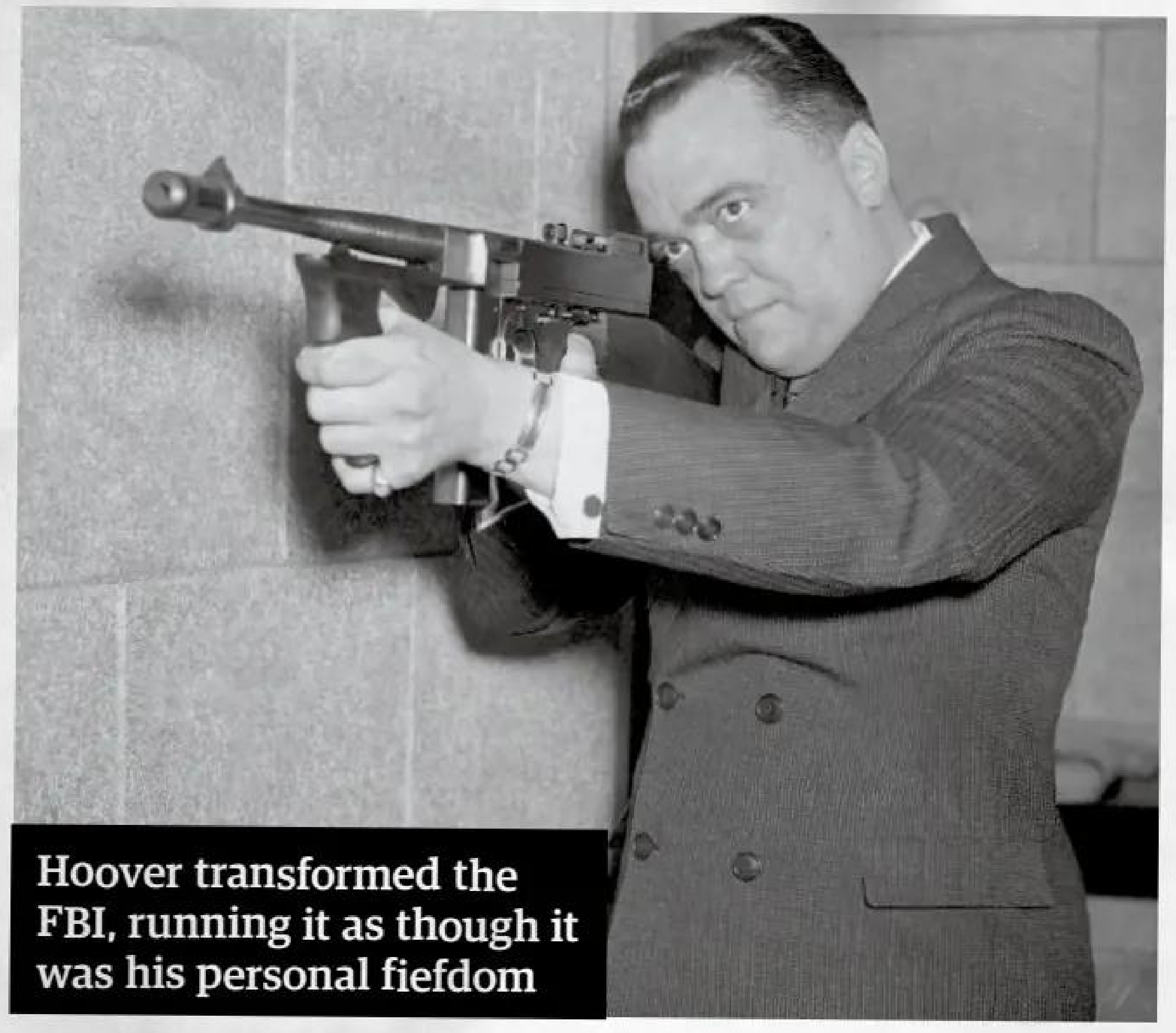
Alcatraz offered only maximum security, minimum privileges and harsh discipline. Minor infractions earned ordinary solitary confinement in D Block, serious infraction earned complete darkness in cells nicknamed 'The Dark Hole' without even a bed. In its early years underground dungeons were used, prisoners sometimes chained to their damp, cold, dark walls and beaten with knuckledusters and blackjacks.

Alcatraz's regime was intended expressly to break inmates. Regardless of notoriety, inmates' mugshots didn't have names, just numbers. They gained nothing by conforming, but suffered for disobedience. Between 1934 and 1938, under the 'silent system' even talking without permission earned solitary confinement.

Dozens went mad – in the early years over 30 inmates were certified and suicide wasn't unusual. The sustained mental cruelty probably caused the 'Battle of Alcatraz' in 1946, a failed escape-turned-bloodbath in which three inmates and one guard died. Another 11 inmates and guards were injured, and two inmates, Miran Thompson and Sam Shockley, were executed.

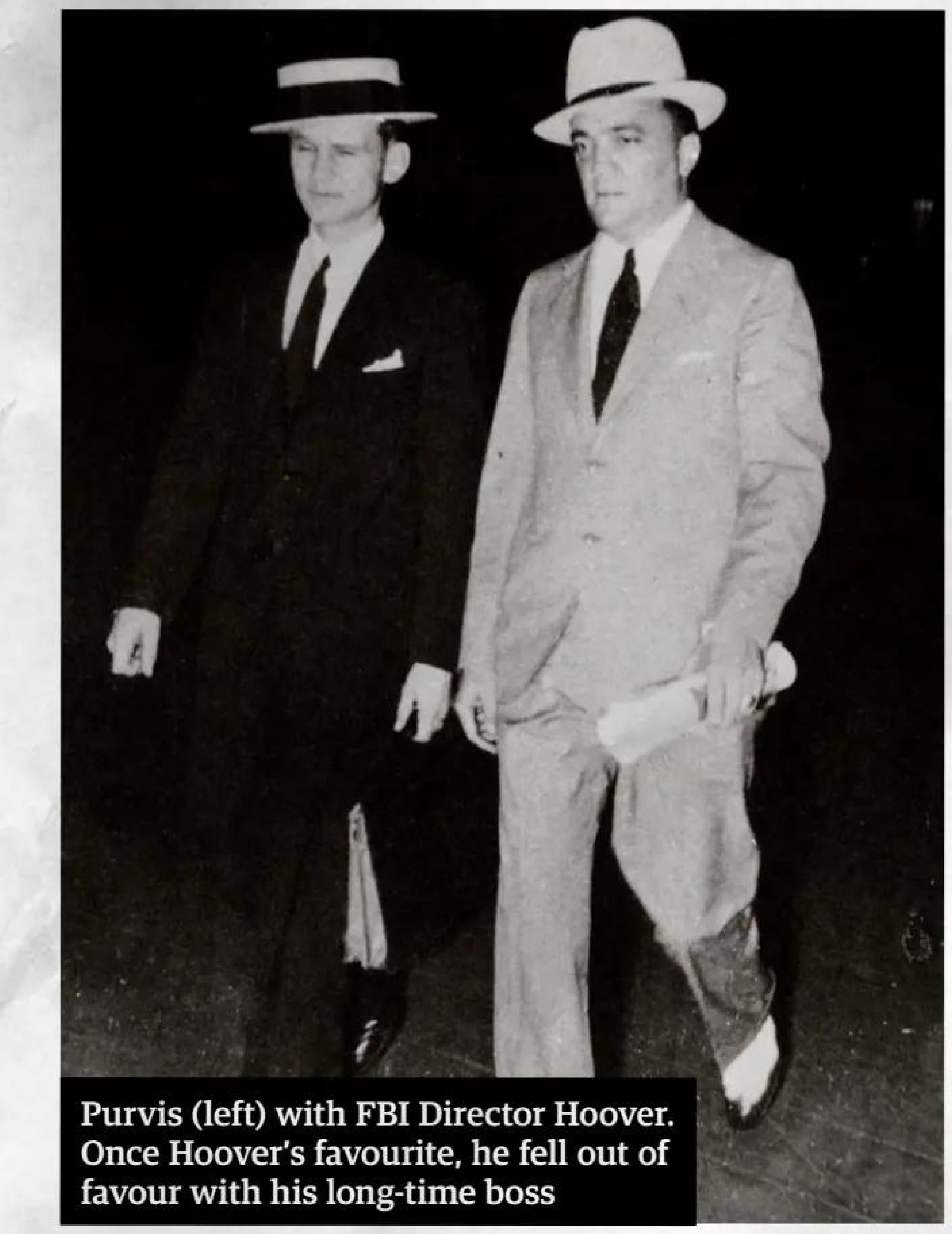
A penal failure and financial sinkhole, Alcatraz finally closed its doors on 21 March 1963. In that time, 36 inmates had made 14 escape attempts – 23 were caught, six shot dead, two drowned and five are 'Missing, presumed drowned'. Today it's Northern California's most popular tourist attraction, receiving over 1 million visitors a year.

HUNTING THE PUBLIC ENEMIES


Hoover transformed the FBI, running it as though it was his personal fiefdom

J Edgar Hoover

Hoover transformed the FBI (then the Bureau of Investigation) from a ramshackle, corrupt, incompetent organisation into the institution it is today. Using Scotland Yard as a template, Hoover was a feared disciplinarian, firing agents for the slightest infraction. He wasn't always liked by politicians or even his own agents.


Purvis (left) with FBI Director Hoover. Once Hoover's favourite, he fell out of favour with his long-time boss

Melvin Purvis

An FBI agent since 1927, Purvis hunted Dillinger, 'Baby Face' Nelson and 'Pretty Boy' Floyd. He was accused of brutal interrogations and feuded with Hoover after Dillinger's death. He was also accused of ordering agent 'Ed' Hollis to shoot Floyd after he'd been wounded and disarmed. Purvis resigned in 1935.

End of the road. Frank Hamer (top left) led the six-man ambush posse that finally ended Bonnie and Clyde's career

Frank Hamer

The archetypal Texas Ranger, Hamer had a keen mind and a fast gun. Active between 1905 and 1932, he came out of retirement specifically to hunt Bonnie and Clyde after the Eastham prison break in January 1934. They were the 53rd and 54th felons Hamer killed during his career.

> **"BY 1936 THE PUBLIC ENEMIES WERE FINISHED"**

Cowley (left) and 'Ed' Hollis (right) were killed by Nelson at the 'Battle of Barrington'. Nelson died hours later

Samuel Cowley

Cowley arranged Anna Sage's betrayal of Dillinger and was one of three FBI agents murdered by 'Baby Face' Nelson, dying beside agent 'Ed' Hollis. Nelson, also mortally wounded, died hours after the shoot-out on 27 November 1934 nick-named the 'Battle of Barrington'. Cowley was one of Hoover's most-trusted aide's when he died.

Americans sought any improvement in their morale and fortunes. Repealing Prohibition in 1933 was cause for celebration

© Getty / New York Daily News

ROLL OUT THE BARRELS

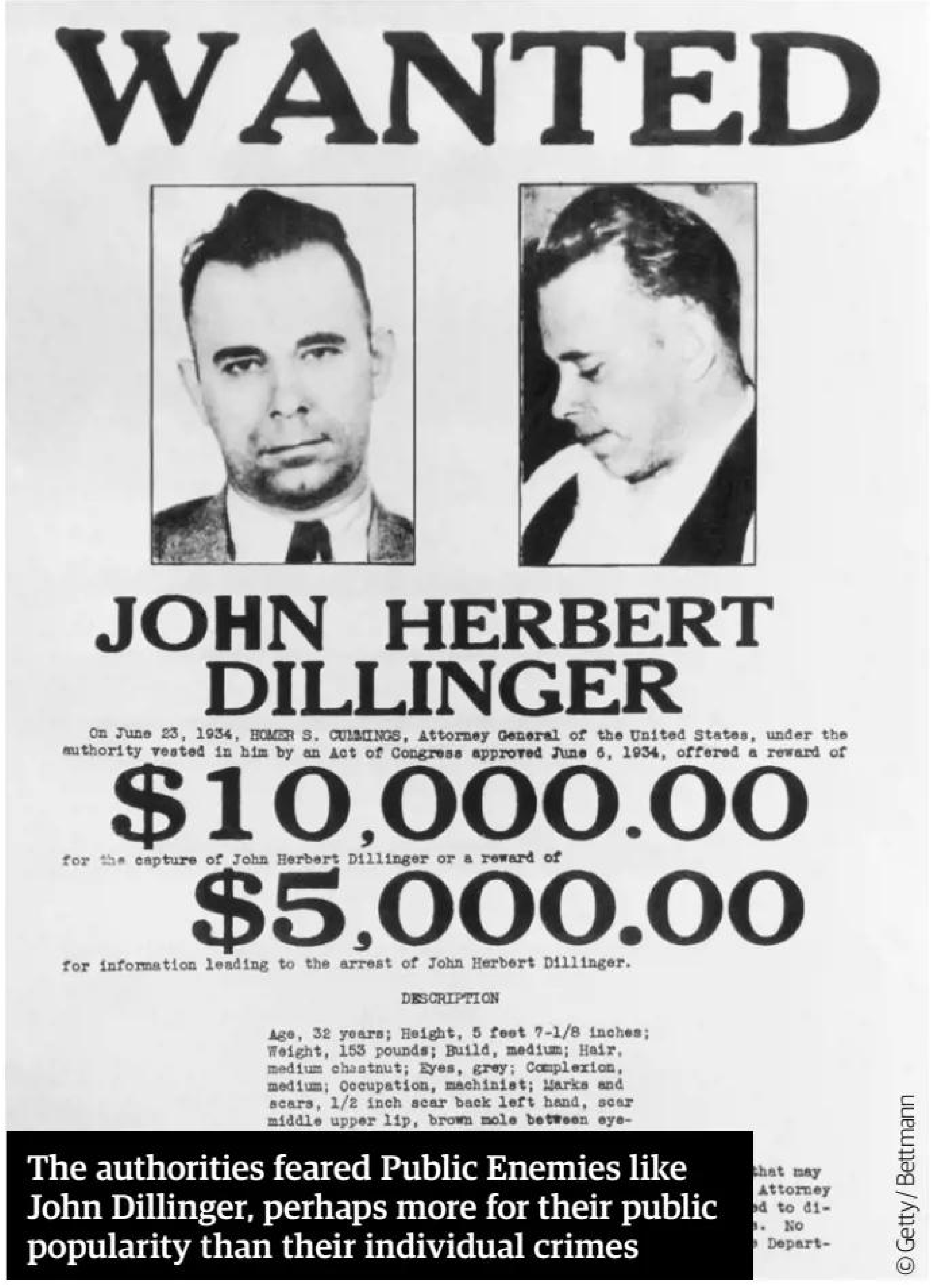
Violence and bloodshed discredited Prohibition, but didn't end it by itself. The Wall Street Crash, Great Depression, politics and culture also played their parts

Words Robert Walsh

The end of Prohibition was dictated by several different factors and none by itself was enough. It wasn't as simple as changing a mere law. The Volstead Act was also the 18th Amendment to the US Constitution, and repeal, the 21st Amendment, took a while to arrange politically. Even after national Prohibition ended in 1933, individual states were left to draw their own lines under the alcohol issue. Some embraced repeal almost instantly while others took a harder line. Mississippi, last of the hold-outs, remained a dry state until 1966. Even today, many counties remain dry under their own local laws and ordinances, including Moore County in Tennessee, which ironically is the site of the Jack Daniel's distillery.

The Wall Street Crash of 1929 and the Great Depression changed America's political and social landscape even more than Prohibition. In a matter of days, America had gone into financial meltdown followed by a spiralling economic crisis. Millions lost their money, jobs and homes. Many took to the highways and railroads looking for any kind of work or even just the possibility of a paying job. Thousands of businesses folded. So severe was the Crash of 1929 that American share prices didn't recover to pre-Crash levels until 1954.

Even hundreds of smaller banks collapsed. Few Americans had much sympathy for bankers who they blamed squarely for the crisis. Politicians, many Americans believed, had sat by and allowed bankers and financiers to ruin the American economy. President Franklin Roosevelt had a huge job on his hands even trying to stabilise America's



WANTED

JOHN HERBERT DILLINGER

On June 23, 1934, HOMER S. CUMMINGS, Attorney General of the United States, under the authority vested in him by an Act of Congress approved June 6, 1934, offered a reward of

$10,000.00

for the capture of John Herbert Dillinger or a reward of

$5,000.00

for information leading to the arrest of John Herbert Dillinger.

DESCRIPTION

Age, 32 years; Height, 5 feet 7-1/8 inches; Weight, 153 pounds; Build, medium; Hair, medium chestnut; Eyes, grey; Complexion, medium; Occupation, machinist; Marks and scars, 1/2 inch scar back left hand, scar middle upper lip, brown mole between eye-

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The authorities feared Public Enemies like John Dillinger, perhaps more for their public popularity than their individual crimes

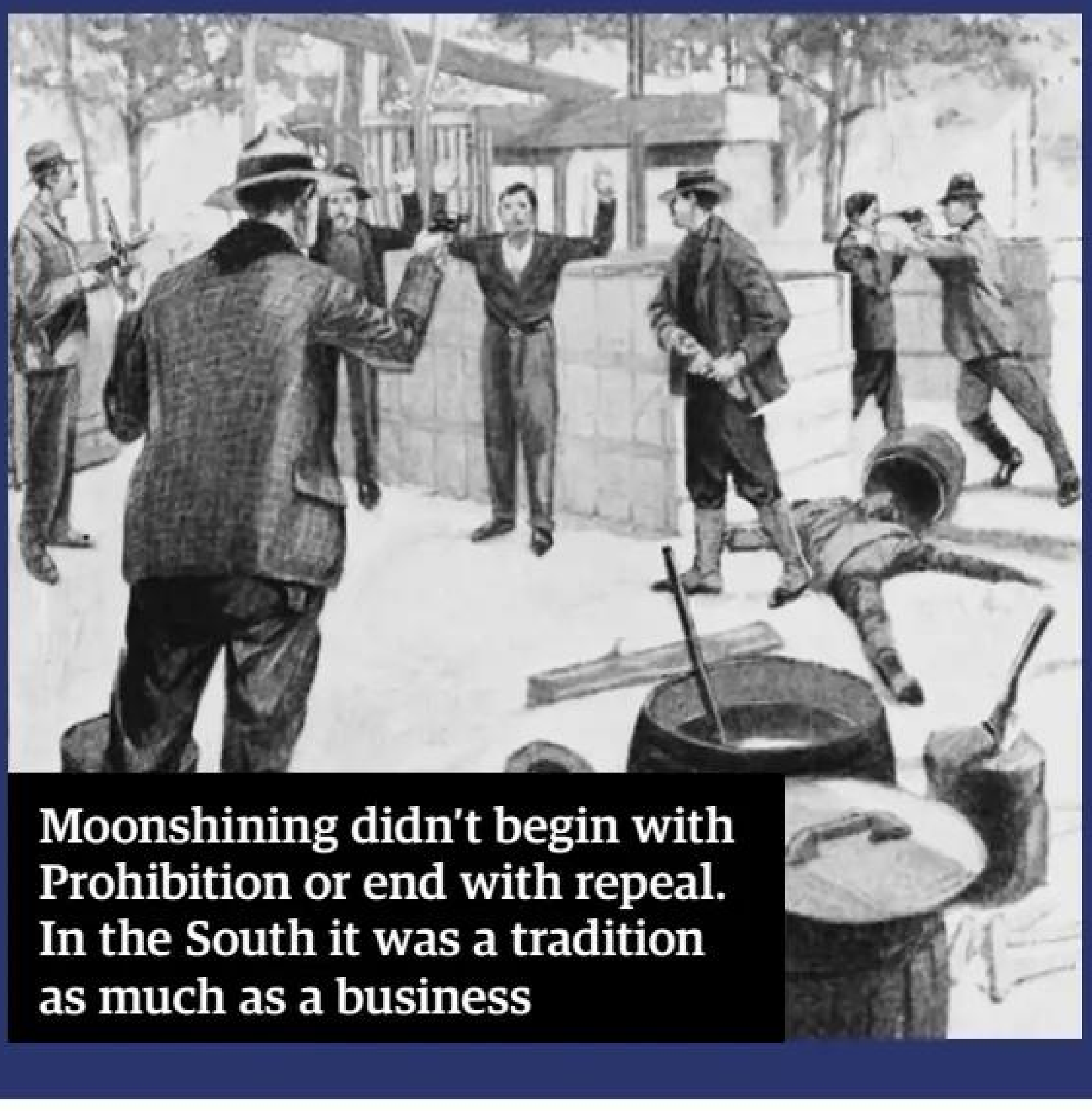
© Getty / Bettmann

BOOTLEGGING DURING THE DEPRESSION

Prohibition had created widespread contempt for law and order. Repeal didn't stop some bootleggers, especially in the South, from continuing their trade

Moonshining was a Southern tradition long before the Civil War, never mind the Wall Street Crash, Prohibition or the Great Depression. None of those events prevented this illicit industry from flourishing – if anything, they encouraged it. With a ready-made market and plenty of secluded spots in which to hide stills, Southerners regarded it as a part of their history and culture.

Moonshiners worked in secret and often by night, hence their nickname. They flourished during Prohibition, evaded federal taxes after repeal, and had frequent firefights with local law officers and federal 'revenue men'. The 'whiskey cars' driven by moonshiners eventually spawned stock-car racing and NASCAR.



Moonshining didn't begin with Prohibition or end with repeal. In the South it was a tradition as much as a business

© Getty / Bettmann

Moonshining was often a family affair passed down the generations. Fathers taught their sons to make potent, cheap moonshine that was often far safer than bathtub gin offered by urban bootleggers. Before Prohibition even became an issue, let alone federal law, they were hard at work and still are. The federal government still pursues them, raiding stills and stockpiles to this day.

One notorious moonshiner was from Meriweather County, Georgia. John Wallace came from wealthy Southern stock, owning a huge plantation known locally as 'The Kingdom'. For decades, Wallace let moonshiners operate on his land for a large cut of their profits. They had little choice but to obey. After murdering William Turner over an unauthorised liquor run in April 1948, Wallace was convicted and in 1950 he was the first white Georgian executed on the evidence of black witnesses.

economy, let alone restore any semblance of prosperity or public faith in America's political and corporate leaders. As material conditions worsened, so did the ordinary American's attitude to those they held responsible.

It was hoped that ending Prohibition might ease public mistrust and hostility while generating jobs and investment and raising tax revenues. It would also remove the national health problems associated with lethal 'bathtub gin' and similar toxic brews by completely removing them from the marketplace. With legal drinks available once again, Americans would turn away from the potentially deadly bathtub gin offered by the bootleggers.

The Crash and Depression alone didn't boost Prohibition's popularity any more than Prohibition cured America's perceived drink problem. They did provide powerful impetus for repeal, though. The return of legal alcohol was a vote-winner in itself. Potential revenues generated through taxes and investment were incredibly attractive to a cash-strapped federal government. Anything that boosted employment and put America on the road to economic recovery was more than welcome.

Prohibition, in addition to all its other problems and failures, wasn't going to do that. Repeal, on the other hand, would be popular and have genuine benefits for all Americans, not just those at the top. As the beer and wine flowed so would investment, employment and revenues rebound, and it would provide a much-needed boost to national morale. National recovery appealed as much to Roosevelt as to ordinary Americans, and Franklin D Roosevelt wanted his name and New Deal firmly associated with it.

Politically, repeal wasn't the burning issue of the day, with millions unemployed, often homeless and going anywhere there even might be work, anyway. It was enough of an issue to register with voters and in Washington. Roosevelt might have been one of America's more principled politicians, but he was still a politician. He needed to sell repeal and his New Deal to an audience tired of politicians' promises and bankers' bungling. So many banks failed that robbers often raided them without knowing they'd already run out of money.

$100 WILL BUY THIS CAR MUST HAVE CASH LOST ALL ON THE STOCK MARKET

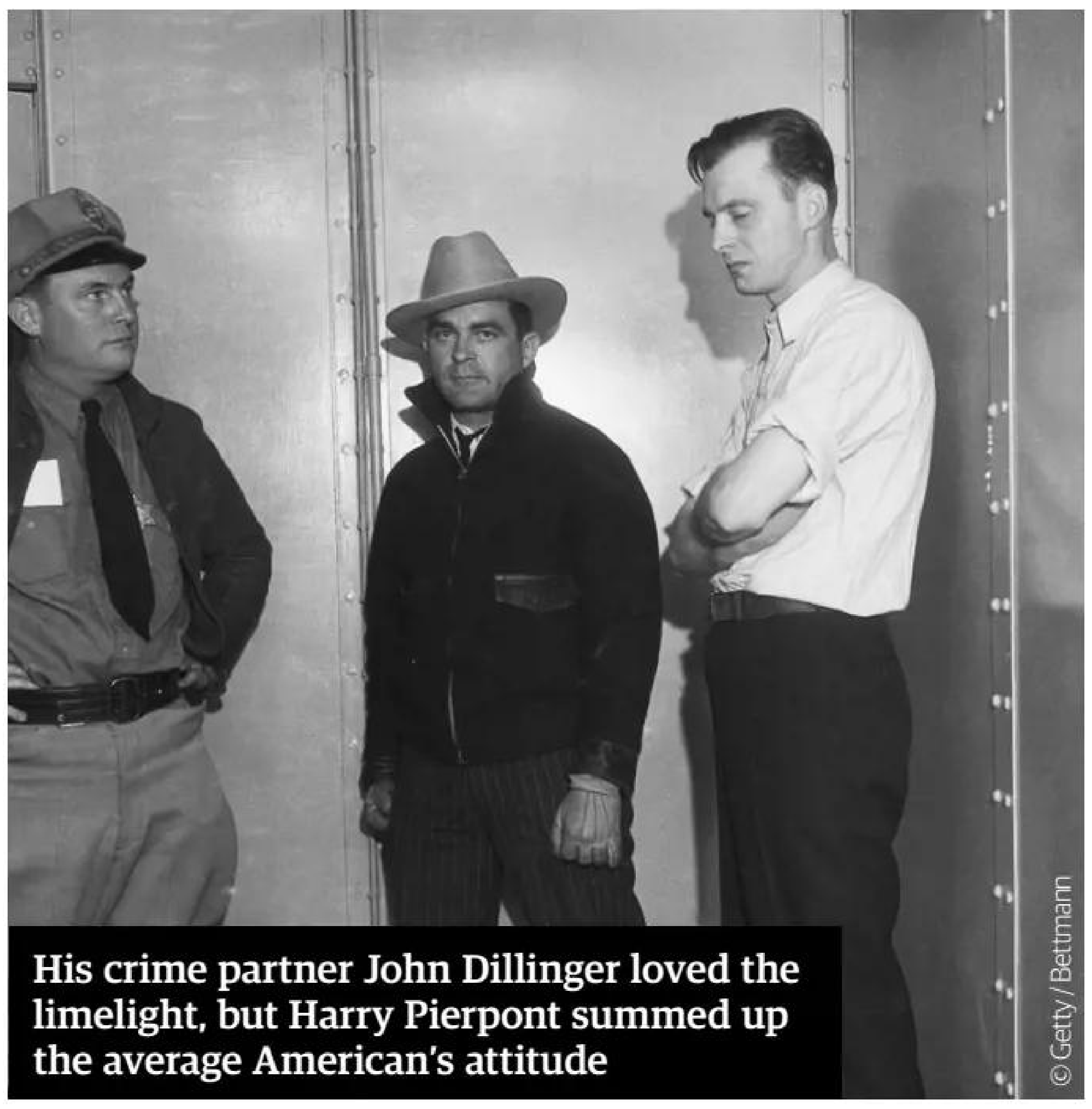
From all to nothing. Even America's wealthiest and most prosperous were wiped out by the Wall Street Crash of 1929

© Getty / Bettmann

Crime hadn't become any less of an issue after 1929, either. Granted, bootleggers had largely had their day, but that of the Public Enemies had only just dawned. Worse from Washington's point of view, many bank robbers, kidnappers and killers of the 'Crime Wave' cut their teeth during

STOCK-CAR RACING GREW OUT OF BOOTLEGGERS CUSTOMISING THEIR CARS TO OUTRUN POLICE AND REVENUE MEN

"THE CRASH AND DEPRESSION ALONE DIDN'T BOOST PROHIBITION'S POPULARITY ANY MORE THAN PROHIBITION CURED AMERICA'S PERCEIVED DRINK PROBLEM"



His crime partner John Dillinger loved the limelight, but Harry Pierpont summed up the average American's attitude

© Getty/Bettmann

Prohibition and garnered alarming levels of public support during the Depression. The Public Enemies were a new breed of media-friendly criminals whose sprees delighted newspaper and newsreel audiences for years. They did wonders for the newspaper and newsreel industries as well. Men like John Dillinger were robbing (and occasionally kidnapping for ransom) the same bankers many Americans felt had already robbed them. Executed for murder in 1934, bank robber and Dillinger associate Harry Pierpont spoke for many ordinary people when he said: "At least I didn't become president of the bank first. You'd probably be like me if you had the nerve."

Sympathetic to people losing homes and businesses, 'Pretty Boy' Floyd destroyed mortgage papers during bank robberies. Aware that public sympathy mattered – and that banks were insured by the government – Dillinger returned a witness's pay cheque during one bank robbery saying: "We don't want your money, just the bank's."

America's political elite feared Public Enemies as much as many ordinary Americans admired them. The more the Public Enemies became public idols, they believed, the greater the cracks in America's social order. Unheard-of levels of unemployment, bankruptcy, homelessness and mass internal migration to find work were coupled with the ordinary American's contempt for authority figures they felt had failed them. Or as playwright Bertolt Brecht put it: "The law was made for one thing alone, for the exploitation of those who don't understand it, or are prevented by naked misery from obeying it."

ROOSEVELT'S NEW DEAL WASN'T UNIVERSALLY ADMIRED. SOME CONSIDERED IT TOO LEFT-WING. FOR OTHERS IT DIDN'T GO FAR ENOUGH

Socially and economically, Prohibition, the Crash of 1929 and the Depression formed the perfect seedbed for crime and thugs trading on economic crisis and social decay. Many of the era's most notorious criminals were involved in bootlegging before repeal, replacing its big-money deals with armed robberies and kidnapping for ransom. By striking at symbols of wealth and privilege they drew not public loathing, but public admiration.

Their victims weren't always treated as kindly. Edward Bremer, brewery heir and president of the Commercial State Bank, drew little public sympathy when kidnapped by the Barker-Karpis Gang in 1934. Driven by desperation, hopelessness, anger and frustration and inspired by the bravado of the Public Enemies many previously honest citizens joined their ranks.

Armed Indiana robber John Dee Smith was typical of thousands of young men who, without honest work, had turned to crime during the Depression. Young, anti-social, rebellious and reckless, their attitudes were spawned by the times they lived in and criminal anti-heroes they often idolised as a result: "Our family had little. I managed one year at high school, then quit. I was 16, I wanted to work – but I was 16 in 1932. There wasn't any work. So I took what I wanted and didn't worry about it."

Prohibition spawned Smith's disregard for authority. The Crash of 1929 took away his chances of honest work and Depression's poverty sharpened his appetite for crime. For Smith, crime didn't pay. Condemned for murdering shopkeeper Arlie Foster during a 1935 hold-up, Smith was electrocuted on 1 July 1938, aged only 22.

The combination of Prohibition, the Wall Street Crash and the Great Depression changed America forever. Social attitudes, crime, politics and life itself were never the same thereafter. Whether it was always for the better is more debatable and, like America's social ills today, there is no simple answer. Prohibition had been exactly that, a single simplistic answer to a complex set of social, moral and political questions.

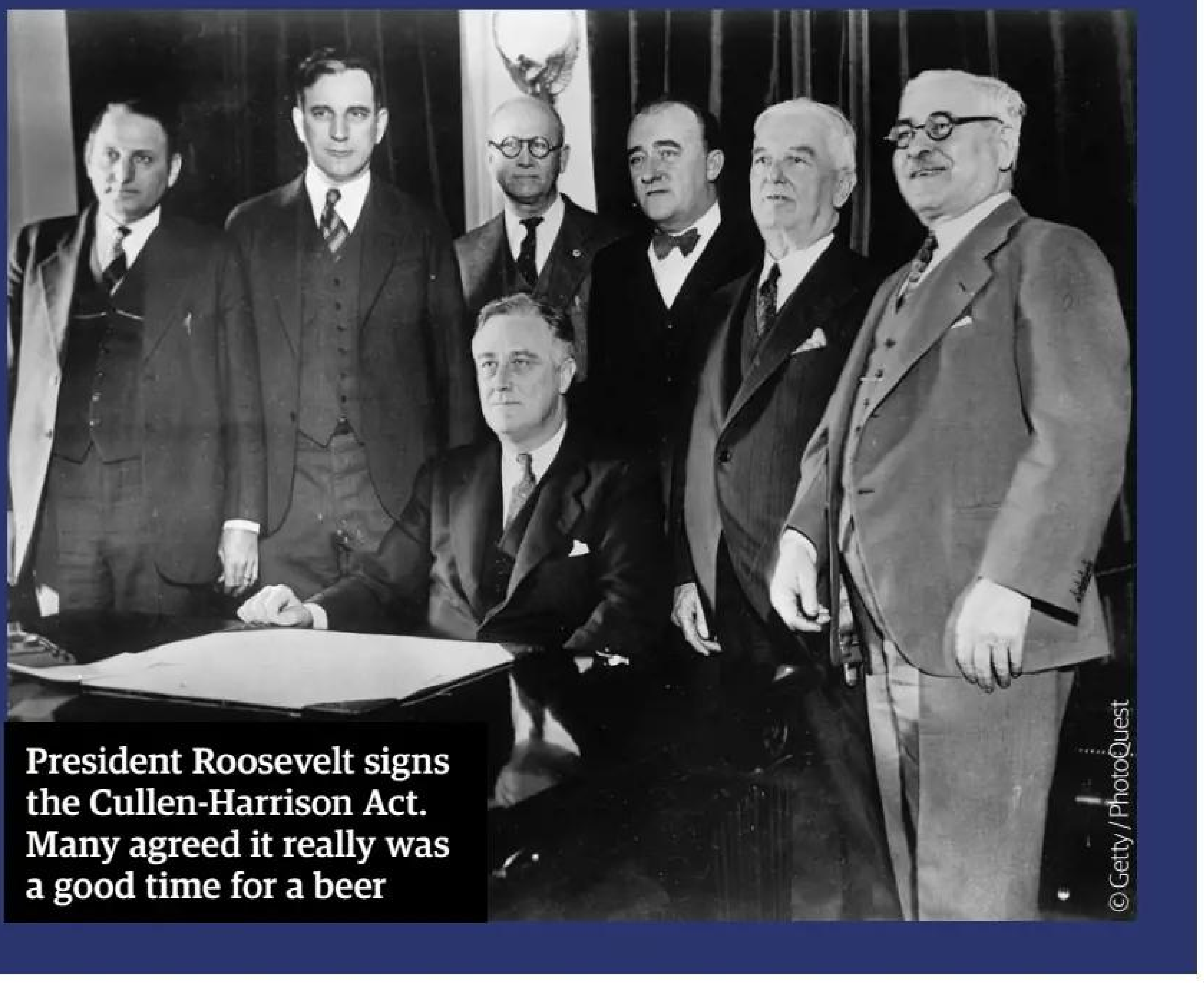
ROOSEVELT'S BEER ACT

The Cullen-Harrison Act of 1933 legalised manufacturing low-alcohol beer and wine. It also boosted employment, investment and tax revenues

Named for its sponsors, the Cullen-Harrison Act legalised beer production after an almost 14-year drought. Taking advantage of opposition to Prohibition and creating jobs, investment and tax revenues for a cash-starved country, it also served to boost Roosevelt's popularity among voters.

Repeal wasn't a top-level issue compared to poverty, unemployment and economic meltdown, but it was certainly useful to Roosevelt and good for the country. New breweries would service an insatiable demand while delivering jobs and investment in any beer-related industry. As breweries flourished, so would production of hops, yeast, barley, brewing equipment – indeed everything down to the labels on beer bottles. In turn, beer could be taxed at source, employees and businesses would profit and pay tax, and the bar industry would flourish. Roosevelt also knew that his association with giving the public what they wanted would win votes.

It was a crowd-pleaser, appealing to the pro-alcohol lobby and even allowing more pragmatic Prohibitionists to save face, accepting repeal as being good for the country, if not to their personal liking. As Roosevelt said in one of his 'fireside chats' on national radio: "I think this would be a good time for a beer."



President Roosevelt signs the Cullen-Harrison Act. Many agreed it really was a good time for a beer

© Getty/PhotoQuest

THEIR SECURITY DEMANDS
YOU VOTE REPEAL
For Our Children's Sake Repeal the 18th Amendment
We Want Temperance
BALLOT BOX
WOMEN'S ORGANIZATION FOR NATIONAL PROHIBITION REFORM
REPEAL 18 AMENDMENT

Women, once regarded as natural allies by many Prohibitionists, were at the forefront of the repeal movement

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AMERICAN WASTELAND

How the hopes of a nation's heartland turned to dust

Words David J Williamson

Even by the first decades of the 20th century, the United States was, by global standards, still a relatively young country; but it had come a long way. Following fairly slow and steady growth through the 18th and early 19th centuries, with the expansion west from the well-established coastal cities and states that were the foundation of the nation, the pioneering spirit and the desire to exploit the country's vast natural resources drove a rush of interest in opportunity and ownership, especially in that of land.

Fuelled by Government support – the Homestead Act of 1862 gave 162 acres of public land to each new settler for their own use – and the ideals of the Founding Fathers, vast amounts of natural wilderness in the heart of the growing nation were to be claimed and owned in the name of progress. Following the Civil War there was a marked increase in this expansion westward and people came in ever-increasing numbers, many of them, most importantly, with little or absolutely no idea about farming.

As new states were born (Oklahoma was not an official state until 1907), long trains of covered wagons gave way to the modern technology of the railways, and towns and even cities rose out of the plains and the prairies. Those who had made the journey to the mid-west hoping for a better life were not to be disappointed. Open land stretched as far as the eye could see, appearing fertile with tall grasses, and the weather seemed to give just the right mix of sun and rain. Convinced by the folklore that 'rain followed the plough', it seemed a prime location for farming and to grow what was needed – especially wheat and the grazing of cattle for meat – for the ever-increasing numbers of mouths to feed, while of course making a good living and profit into the bargain.

By the early decades of the 20th century the United States had developed into a global power, and following its intervention into World War I

“PEOPLE WOULD FIND THEMSELVES COMPLETELY TRAPPED, WITH AN UPSTAIRS WINDOW THE ONLY MEANS OF ESCAPE”

there was a huge increase in the demand for wheat both at home and abroad. The farmers of the plains of the mid-west answered the call and were not to disappoint. As a result of the huge demand, wheat prices rocketed and a good living was to be had for all – farmers, their families, and the banks who were quick to give ready loans to finance the farming explosion.

Nature, however, could not sustain this onslaught. In the haste to settle and succeed, vast swathes of natural grassland were ploughed, then ploughed, and ploughed again, eager to satisfy the appetite of a nation and the rest of the world, hungry for whatever its farmers could produce. Little thought was given to how the land and its precious soil could and should be managed properly and sensitively. And with the ingenuity of invention through the introduction of petrol tractors and early combine harvesters, the mechanisation of farming methods meant even more acres could be put to the plough in a shorter time as the assault on the land intensified.

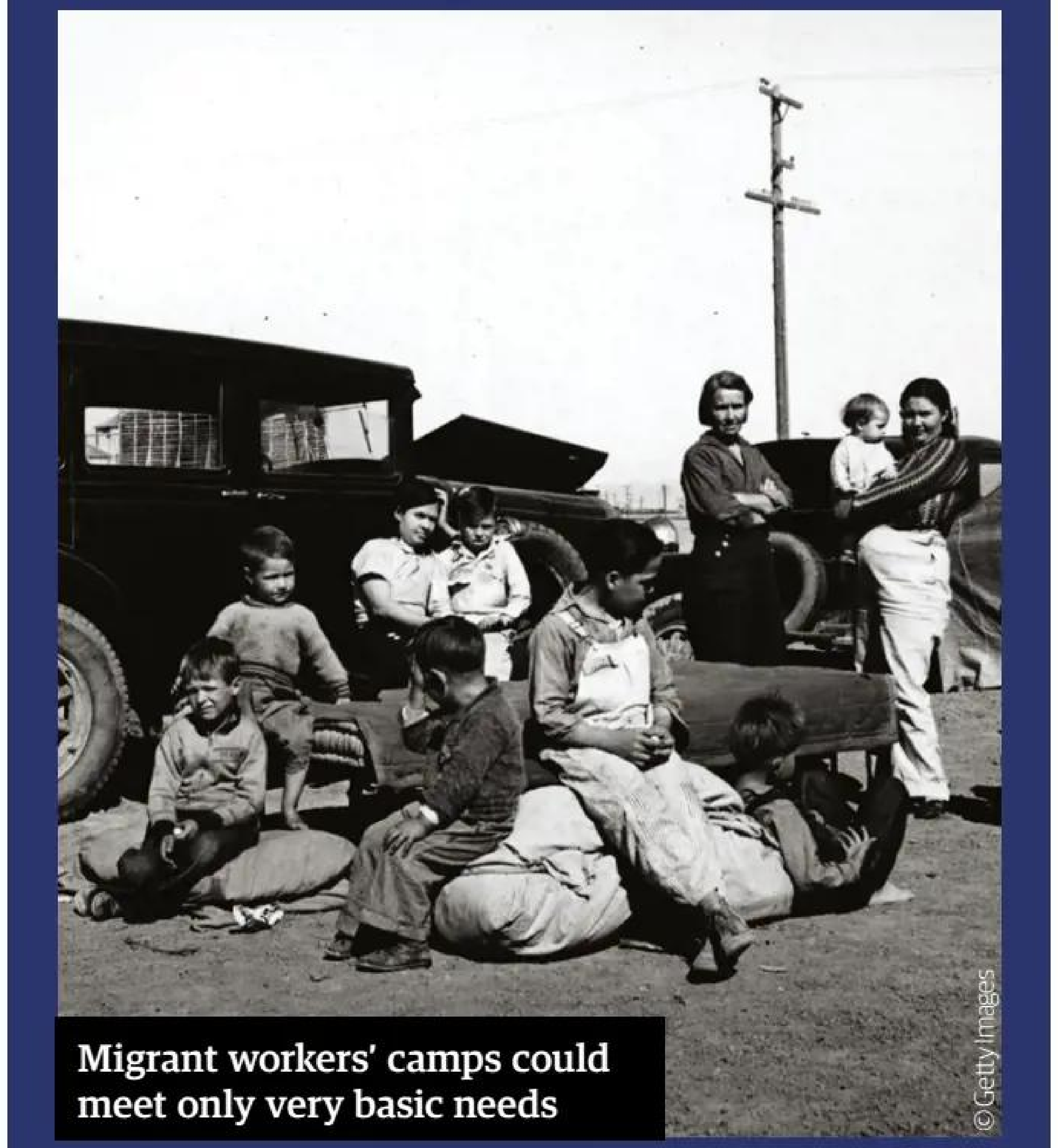
At first things were plentiful, and the weather on the farmers' side; but it soon became increasingly apparent that the prairies and plains were not the promised land many had been told or believed. The weather began to be less stable and predictable, with spells of drought that would scorch the earth and the crops, destroying the harvest.

In an effort to maintain their planting and profits, more wilderness was cultivated, but this was now a desperate spiral that stripped more and more land of its richness. With the destruction of the natural grass that held the very fabric of the soil together, plus the constant barrage of ploughing, the valuable rich topsoil that was at the very heart of a healthy crop began to break up, and by the 1920s, its richness and fertility were all but gone. In the eagerness to expand, feed a nation and make a profit, the land had been farmed to death, with terrible consequences. It was nature's fury that was to have the upper hand, but it was a combination of natural and man-made events that were to shape the entire decade of the 1930s in America.

The Wall Street Crash of 1929 was the start of a chain reaction that was to devastate the heartland of the United States and plunge the entire country into a 'Great Depression'. In a perfect storm of events, with the destruction in confidence of the stock markets, the high price of wheat that had been the lifeblood of the mid-west farmers now plummeted, destroying lives and livelihoods in a single stroke. At the same time, almost as if an act of revenge by nature for the way the land had been so poorly treated in the name of profit, the rain failed to come.

For some areas, the drought was to last almost the entire decade. Where there had been thousands upon thousands of acres of healthy valuable wheat, the soil was now barren and dry and the Sun baked the earth mercilessly. Vast areas of Oklahoma, Texas, New Mexico, Colorado, Nebraska and Kansas were, almost overnight, transformed from being a bread basket into a desolate desert of dust and despair. The erosion of the topsoil had turned the land to fine powder, and great expanses of wide open country with few trees or hedgerows allowed the winds to gather speed and whip the dust high into the air in huge dense clouds that raced across the plains.

The 'Dirty Thirties' had begun. Those in the way of these 'black blizzards' could do little but seal up their homes as best they could and ride out the storm, but still it seemed to be able to find a way through. Often people would find themselves completely trapped, with an upstairs window the only means of escape. And as the decade progressed, nature's onslaught took on a new momentum. In 1932, the US National Weather Bureau recorded 14 dust storms. The following year this had increased to 38. In 1934, a storm two miles high swept 2,000 miles to the east coast, covering the cities, national monuments and even ships in a fine layer of dust.


Migrant workers' camps could meet only very basic needs

© Getty Images

AS IF THE DUST WASN'T ENOUGH...

There was a plague of grasshoppers – as many as 23,000 per acre – that ate what was left of the crops.

One desperate Texas town paid $500 to a 'rainmaker' to fire rockets into the sky to try and create a downpour. It didn't work!

Static electricity built up between the ground and the dust clouds. Car engines would cut out and people out in the storm could be knocked to the ground with the electric force.

There was such hostility to the migrant 'Okies' in one part of California that one sign read 'Okies and dogs not allowed inside'.

Nearly one-third of migrants were professionals such as teachers, lawyers and business owners, proving that whole communities had been devastated by the event.

Once fertile and productive land became a desert of dust

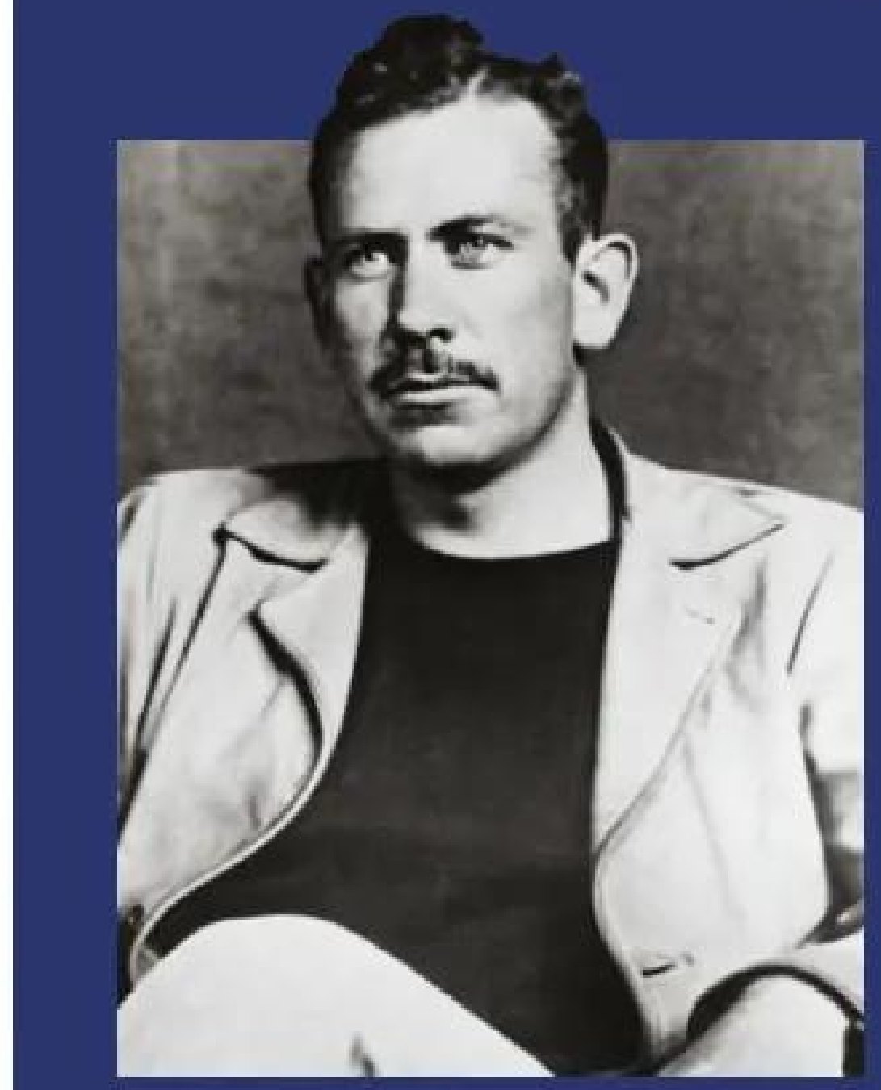
Florence Thompson was, at the age of 32, a mother of seven children with no permanent home

© Alamy

INSPIRATION BORN OUT OF DISASTER

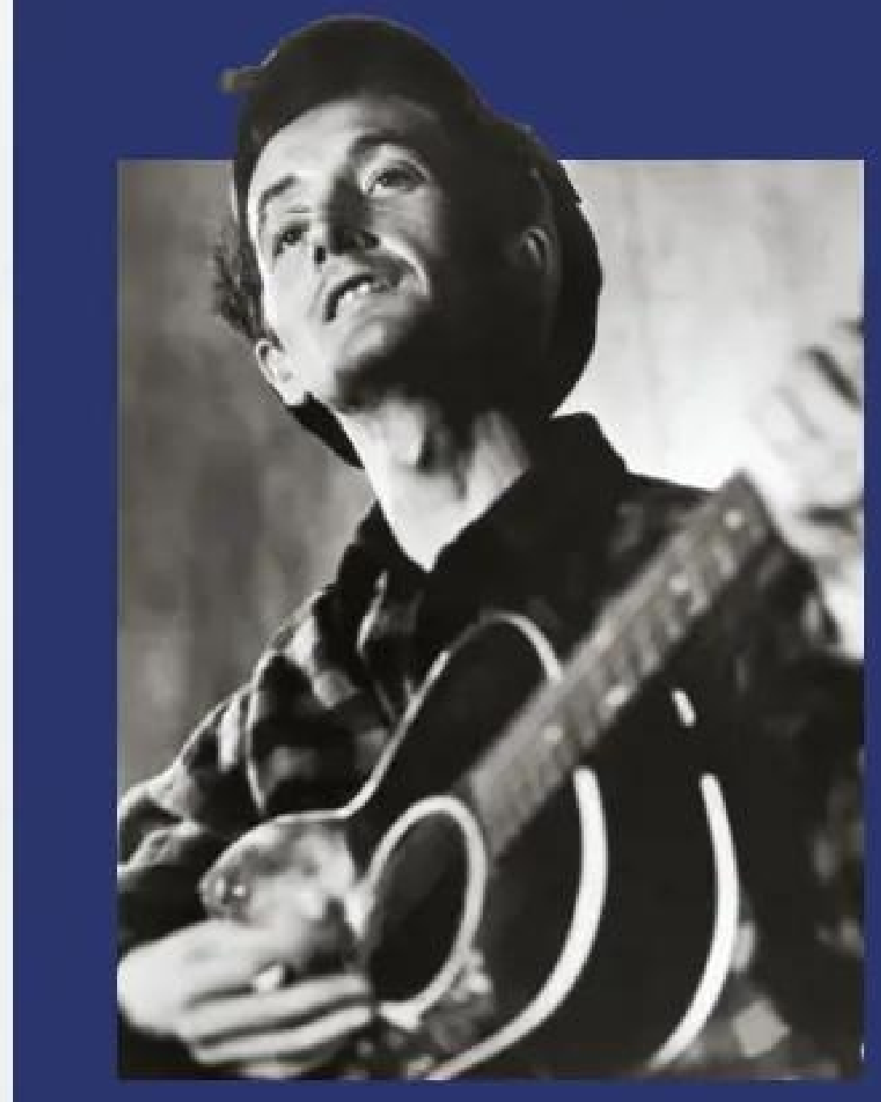
How art turned the Dust Bowl into folklore

A number of artists, musicians and photographers helped in cementing the Dust Bowl era firmly into American history and even folklore.



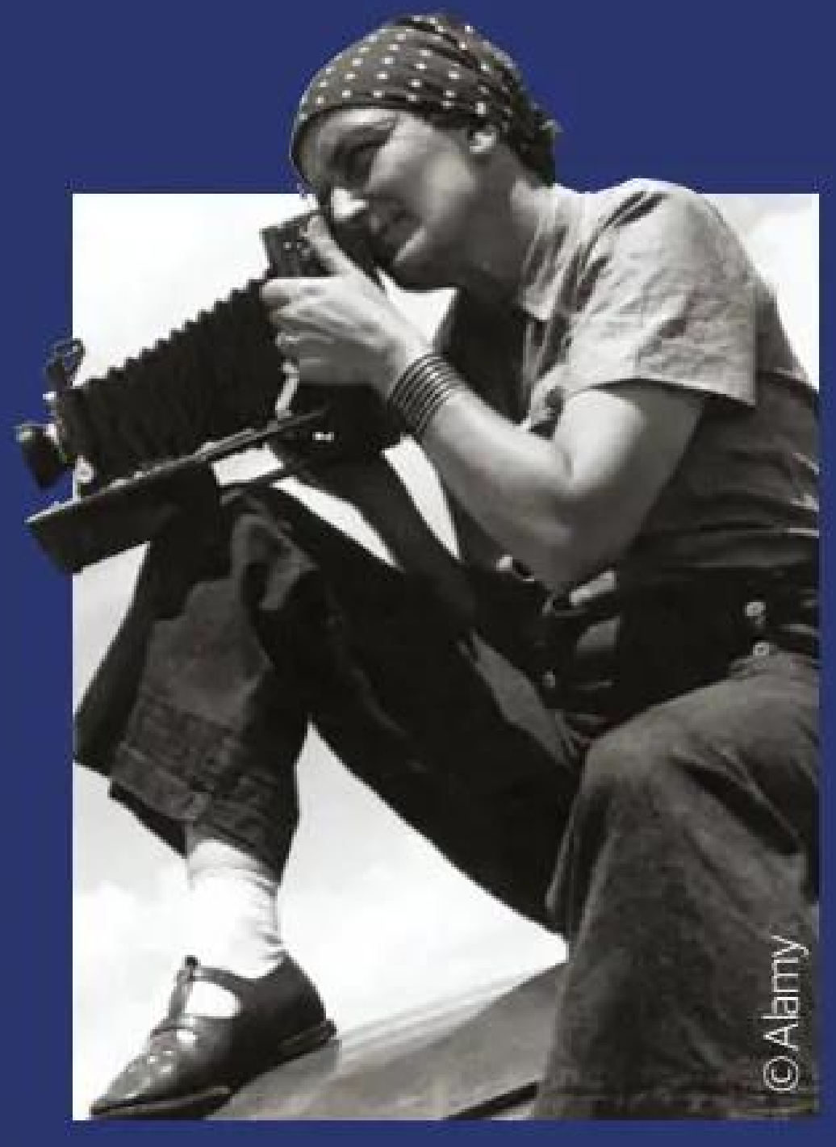
JOHN STEINBECK

John Steinbeck's 1939 prize-winning novel *The Grapes of Wrath*, although a work of fiction, took its authenticity from the field notes of government agents working with the farmers and the migrants. The book and subsequent film underpinned the belief in the strength of the American spirit in a slightly romanticised way but did much to draw attention to the plight of those affected at a time when the events were still so fresh in the memory.



WOODY GUTHRIE

As a native of the mid-west, the folk musician Woody Guthrie called on his own experiences of the Dust Bowl and those of the migrants he travelled with from Oklahoma to California in his 1940 album 'Dust Bowl Ballads', earning him the nickname the 'Dust Bowl Troubadour'. Music styles of the mid-west migrated with the people and many of its influences can still be heard in states such as California.



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DOROTHEA LANGE

A government photographer paid to record the unfolding events of the Dust Bowl and the Great Depression, Dorothea Lange's images have become iconic in the stories and tragedies they chronicle and reveal. Perhaps her most iconic image is that of Migrant Mother of Seven Florence Thompson, which was circulated around the country and the world, bringing awareness to the plight of the migrants and was even used on government posters to promote welfare payments.

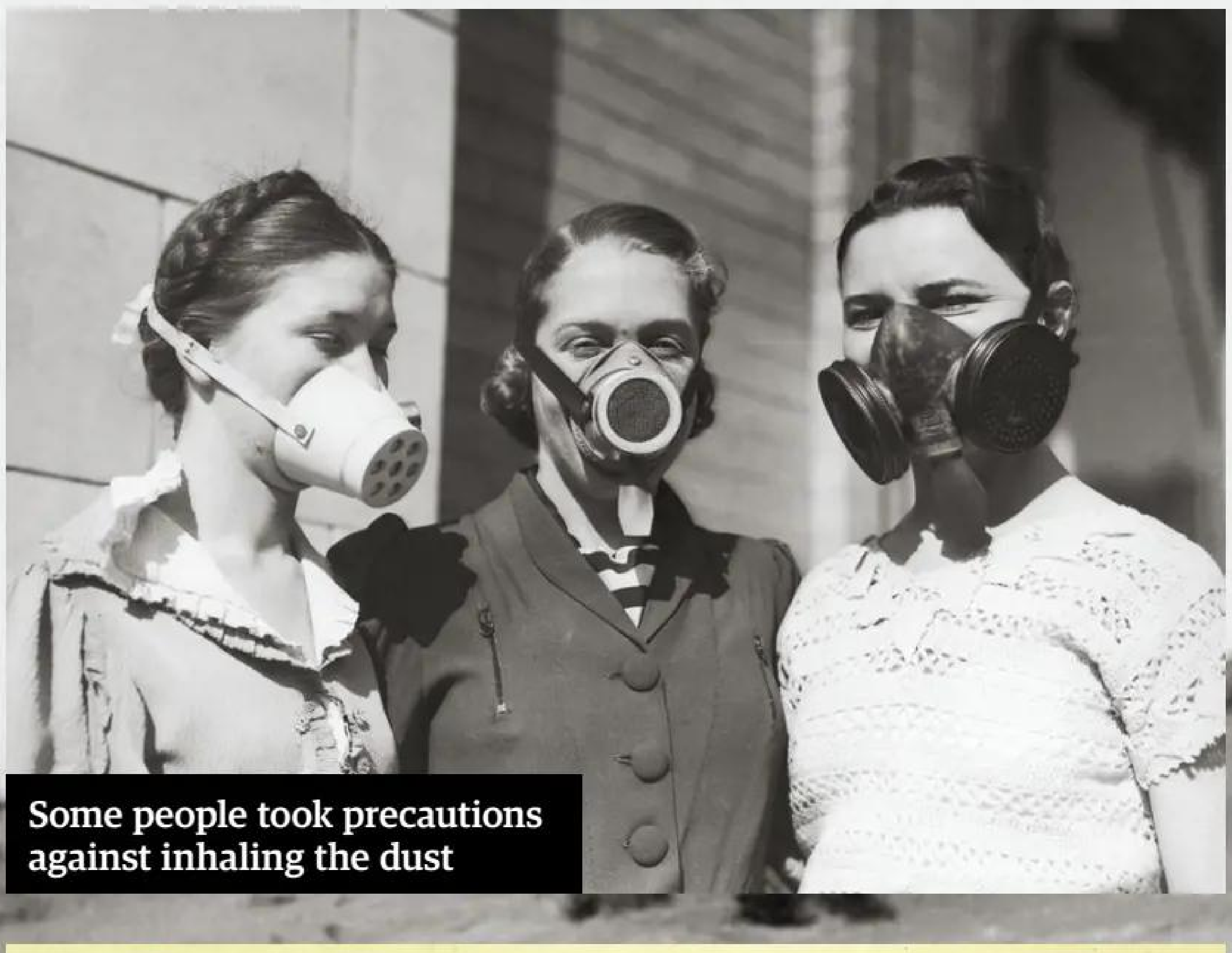
The worst storms of all have found a place in the history books as 'Black Sunday' when in just one day, in April 1935, an estimated 3 million tons of soil were lifted high into the atmosphere and swept off the Great Plains, blackening the sky and turning day to night. In fact, it was a newspaper report of this awesome event that was to first use the term 'Dust Bowl' to describe the stricken states of the mid-west.

For many, every prospect of farming and making a living was fading fast. In the good times the money had flowed like honey, but now there was no harvest, no profit and no way to repay the mortgages and the loans that had sustained them in the good years. With no means to make a living and pay the bills, for many the obvious choice was to pick up and leave, and so began the largest single migration of people the United States had ever seen.

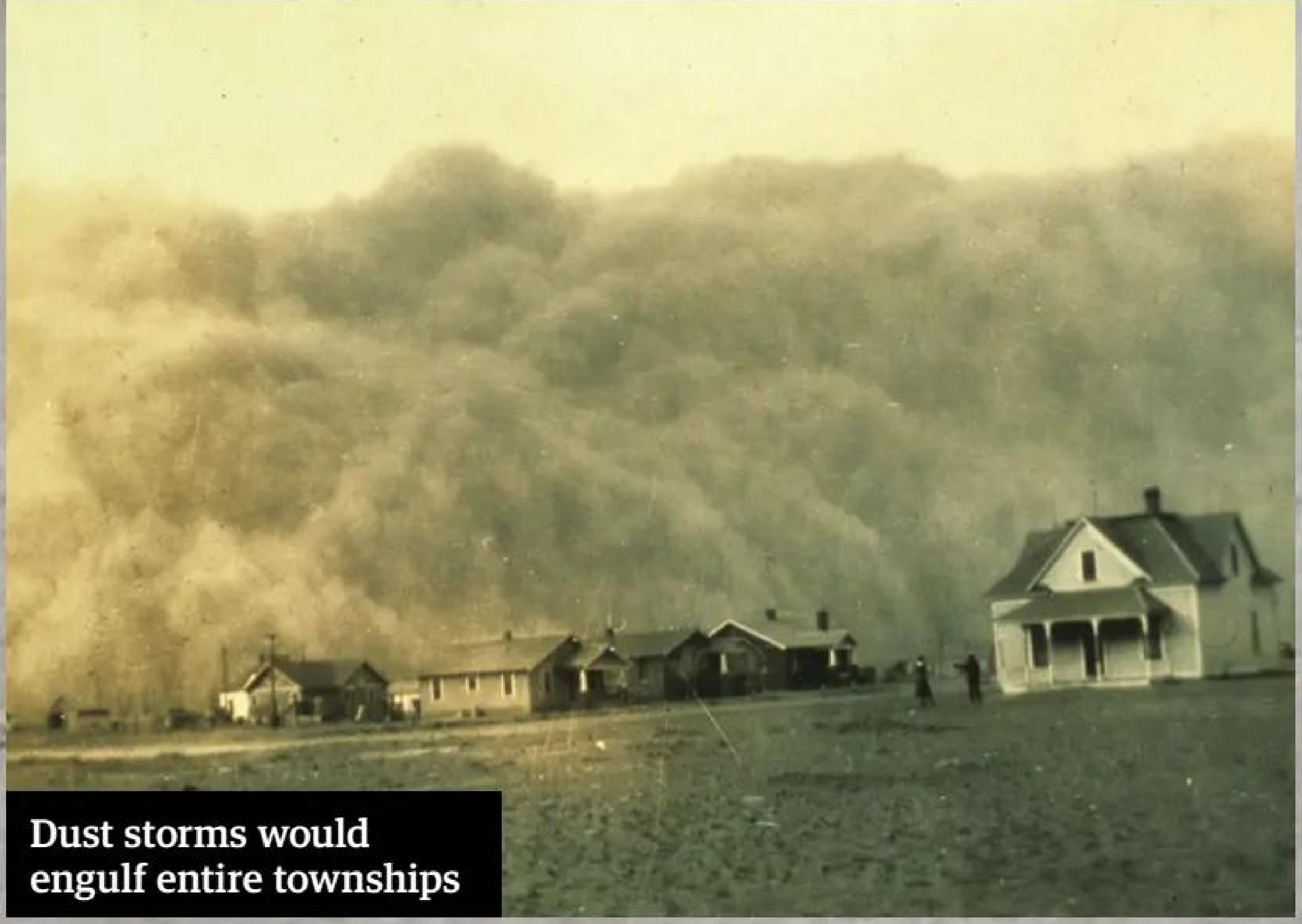
Not all left their homes; some estimates place the figure at around 25 per cent of the population, but at between 2.5 and 3 million people this was still a staggering amount of humanity on the move. They packed their trucks and jalopies (cars) with all they could and moved on in search of work; any kind of work for whatever pay they could get. The majority did not travel too far, perhaps to the neighbouring states where they may have had friends or family, and which they hoped carried better prospects than what they had left behind. And not all were farmers. Whole communities were devastated by the drought and the dust, and this included office workers, bankers and store owners; the despair touched everyone who had built their lives around a successful harvest and now all they had achieved was blown away on the wind.

Those who stayed desperately tried to plough something from the land, but with little success, and even made matters worse. Those who left found other parts of the country in almost as poor a state as themselves. With the Great Depression, unemployment had soared and money was tight. Branded 'Okies' by the local populations (although not all came from Oklahoma), the migrants were viewed with disdain and in many areas sympathy was thin on the ground, with people suspicious that outsiders would try and steal jobs when there was little to go round. One former farmer camping with his family on the roadside told local authority agents, "1927 made $7,000 in cotton. 1931 lost everything. 1932 hit the road."

Something had to be done, and in 1933 a new president brought new hope to help get the mid-west states and the entire country back on its feet. The New Deal programme of Franklin D Roosevelt directly tackled the issues of the Great Depression by targeting the core needs of the people. If they had the basics to survive then this was a sound foundation upon which to rebuild the country and the economy. For the farmers of the plains, this meant giving them what they had been unable to do themselves – make money from their land and their cattle. Legislation was passed to ensure that farmers were compensated for leaving their land



Some people took precautions against inhaling the dust



Dust storms would engulf entire townships

fallow, reducing the surplus of food and driving up prices to a healthier level. Their cattle, weakened by wind, dust and drought, were purchased by the government and slaughtered, with those still fit for human consumption being used to produce food for needy families. The slaughter of 6 million pigs was also an attempt to try and combat the poverty that had gripped the nation.

Roosevelt was only too aware of what was at stake and wrote: "A nation that destroys its soil destroys itself." In order to combat any further devastation of the land, he ordered a huge tree-planting program stretching all the way from the Canadian border down to Texas. Its effectiveness would not only be as a wind break, but also the roots of this enormous project would once again help to bind the soil together and retain the moisture so vital in bringing the land back to life.

All these measures went some way to bringing relief to those in need, but the dust continued to blow. It is not known how many died during this time. Certainly there were casualties from the merciless destruction of houses - 350 homes were lost in just one storm. But 'dust pneumonia' was also a huge hazard. During a storm there was very little defence against breathing in the fine particles other than makeshift wet towels and blankets, and even after the deluge had passed the dust still lingered in the air as a constant barrage on the lungs of people and animals alike. Hundreds were to die from the 'brown plague'. For some the effect would be almost instant, especially in the old and very young. For others it was a ticking time bomb that would be triggered many years later.

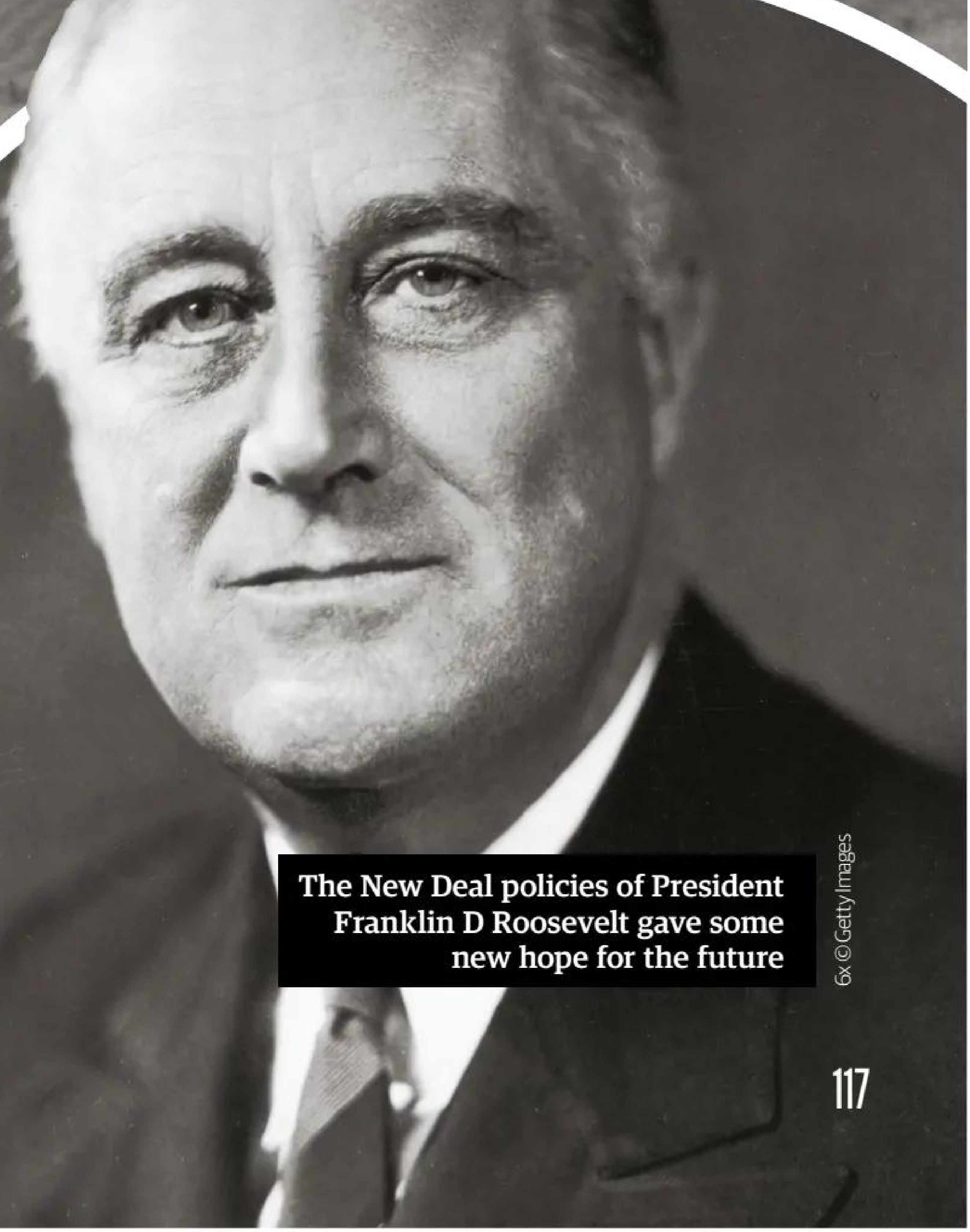
In 1939, almost a decade after it had abandoned the farmers, the rain returned. So did many, but not all, of those who had taken their chances on the open road earlier in the decade. Specialist government departments would now oversee more conservation-based farming methods, with education programmes available for farmers to promote sustainable farm management. There would be some success, but as technology continued to flourish and the population continued to grow the temptation was always there to farm as much from the land as possible. Communities began to rebuild their lives and their businesses. For those choosing not to return they would continue to struggle until another world war ignited the need for labour to satisfy a hungry war machine of manufacturing.

The times of the Dust Bowl are a series of contradictions; the pioneering spirit and the fulfilment of dreams but with little or no thought or care to nature and its delicate balance. An era of enduring determination and inner strength of those who fought and lost against the elements but refused to give in, and an era of inhumanity from those who showed them contempt and treated them as unwelcome intruders.

At the very least it is a lesson to be learned, but it also a warning that should the land not be treated with the respect it deserves then the future could literally crumble to dust.

> **"THE DESPAIR TOUCHED EVERYONE WHO HAD BUILT THEIR LIVES AROUND A SUCCESSFUL HARVEST AND NOW ALL THEY HAD ACHIEVED WAS BLOWN AWAY ON THE WIND"**

A farmhouse is buried under a mountain of dust as its occupants struggle to escape



The New Deal policies of President Franklin D Roosevelt gave some new hope for the future

6x © Getty Images

DUSTY DAYS AND DIRTY THIRIES

Dust storms lifted dry soil high up into the air, causing health risks and driving people out of the mid-west. Once profitable farms were now struggling if they hadn't closed already, and it wasn't until the end of the 1930s that people began to return.

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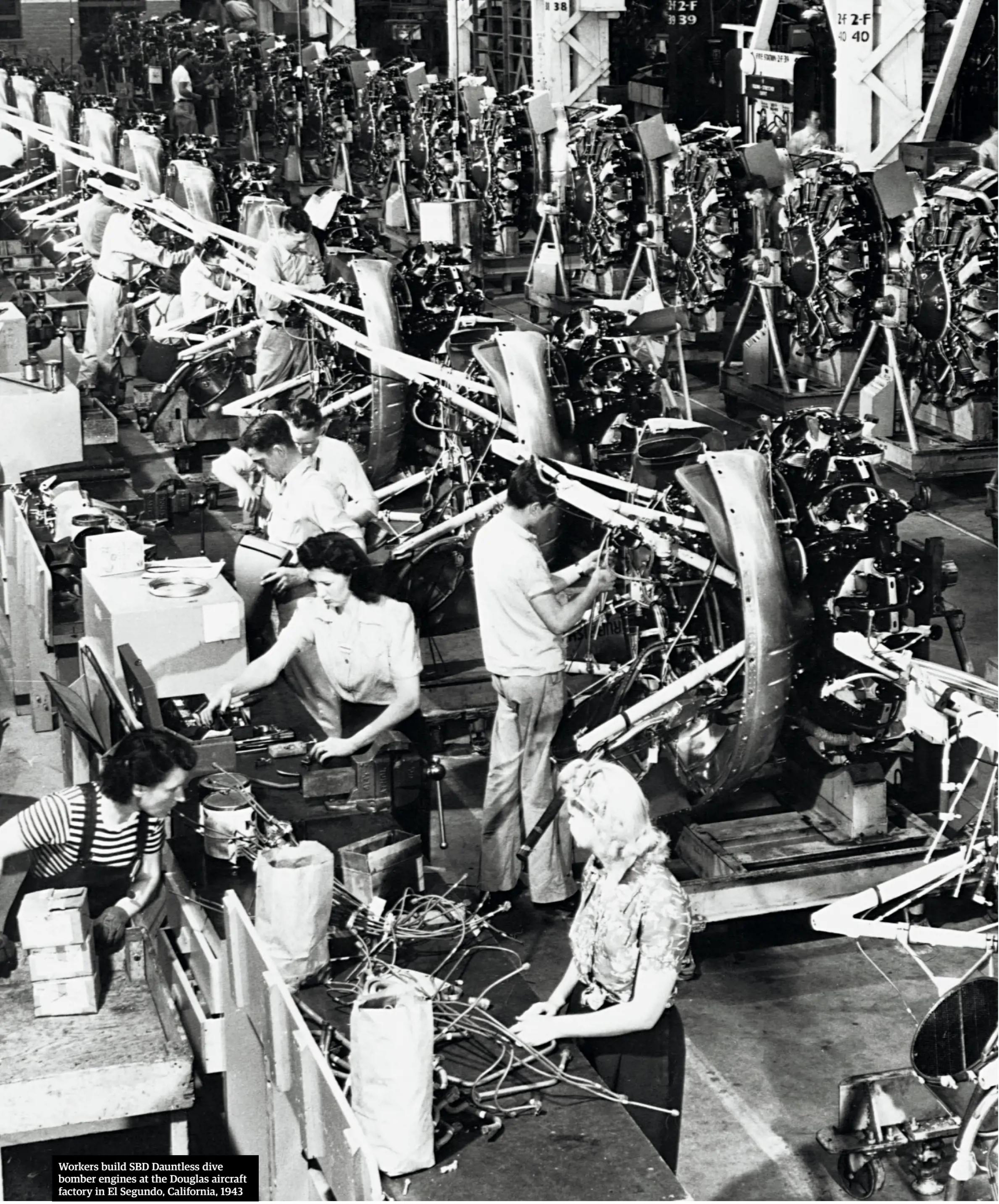

Workers build SBD Dauntless dive bomber engines at the Douglas aircraft factory in El Segundo, California, 1943

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EFFECTS OF WORLD WAR II

The Second World War helped change America's fortunes forever, and it ended the Great Depression at a stroke

Words David Crookes

For all of Franklin D Roosevelt's efforts during the 1930s, the US president nevertheless struggled to make a meaningful impact on his country's unemployment rate. At its lowest in 1937, it sat at a wincing 14.18 per cent - and that was far in excess of the figure of 3.14 in 1929 before the financial troubles had begun. Things actually grew steadily worse over the next couple of years, and by the time Germany had invaded Poland on 1 September 1939, sparking the beginning of the Second World War, unemployment was at 17.05 per cent, which in real terms meant there were 9,480,000 people unable to find work.

And yet if you were to look at which country benefited most from the world's second global and bloody conflict, it's abundantly clear that the US emerged as the runaway winner. Roosevelt's decision to shore up American defences with huge increases in spending prior to it being dragged into war helped to wipe away the Great Depression. In fact, the US was the only major belligerent to emerge with a stronger civilian economy.

The turnaround had effectively begun in June 1940 in the wake of German chancellor Adolf Hitler's decision to invade and occupy Denmark and Norway and the lightning war against the Netherlands and Belgium, otherwise known as the blitzkrieg. By this stage British prime minister Neville Chamberlain had resigned, the Brits had been forced to retreat to the coast of Dunkirk in

France and Italian prime minister Benito Mussolini entered the war on the side of the Axis powers.

Roosevelt signed the Naval Expansion Act on 14 June, boosting defence spending by increasing the United States Navy's tonnage by 11 per cent, placing its focus on aircraft carriers, submarines and cruisers. On 17 June, with France having fallen, the chief of naval operations Harold Stark successfully requested $4 billion to increase the size of the American fleet by 70 percent, adding 257 ships, including 27 aircraft carriers.

A further $8.55 billion was authorised for naval expansion on 19 July in what became known as the Two-Ocean Navy Act. America was also shipping rifles and artillery weapons to the UK, along with oil, despite declaring neutrality in 1935 – it was allowing belligerents to purchase arms from private US companies. Indeed, the US would go on to hand 50 old destroyers to Britain, gaining bases in Bermuda and the West Indies in return.

The upshot of all of this was that the US was gradually becoming less isolationist, while also massively boosting employment. Companies such as the Douglas Aircraft Company, Lockheed, Curtis-Wright and Boeing were producing tens of thousands of warplanes, while machine guns were created by Savage Arms, Colt and General Motors. A plant was erected in just 13 months for Chrysler to manufacture M3 Grant tanks. By 1941, and as a result of all of this activity, the unemployment figures were looking far healthier.

The figures tell their own story. That year, 9.66 per cent of the labour force was out of work – a total of 5,560,000 from 57,530,000, a significant decline on 14.45 per cent the previous year and just over half the aforementioned 17.05 per cent of 1939 when 9,480,000 were unemployed. America continued to step up its defence spending, with a further $10.8 billion requested in 1941.

It was leaving millions of people far better off than they had been in 20 years, and the positive knock-on effect of the boom in defence spending was widely felt, particularly around the Eastern seaboard ports. As manufacturing became more productive and employed more workers, so spending in local shops, bars and forms of entertainment rose.

The stock market, however, was still in flux. The Dow Jones industrial average fell sharply by 23 per cent when Hitler invaded France in May 1940. It was also declining in the summer of 1941, although worse was to come. It fell three per cent on 8 December and a further three per cent the following day. Why? A little matter of Japan attacking Pearl Harbor on the 7 December.

Despite the increase in defence spending, America was surprised by a military strike on its naval base in Honolulu, Hawaii, early that Sunday morning. A total of 353 Imperial Japanese aircraft launched in two waves from six aircraft carriers and bombarded US Navy battleships, cruisers and destroyers, killing 2,403 Americans and wounding 1,178 others. Congress had little choice but to declare war, which in turn saw Germany and Italy declare war on the US – an act that was promptly reciprocated.

A woman in Buffalo, New York, makes parts for an aeroplane engine on a milling machine in a factory owned by Curtis-Wright

© Getty / Bettmann

Over the course of America's four war years, close to 16 million men and women went to war. A peak of 2,200,000 army troops divided into 89 divisions were battling for victory in 1943, and all but one of those units was engaged in combat. The US also had a navy present in both the Pacific and Atlantic oceans, and its bomber fleet was huge. Many of the weapons it made were sold to its allies.

Such activity was important. Before the US formally entered the war, Roosevelt had referred to the military supplies given to the United Kingdom as the "arsenal of democracy", and it had become the main supplier of material for the Allied war effort. United Aircraft, General Electric, U.S. Steel, Packard, Kaiser Shipyards, Goodyear Tire and Rubber Company, RCA, AT&T, Esso, Continental Motors and many more companies were churning out military items as the need for trucks, aircraft engines, parts, telephones, radios, gasoline and oil continued to increase. All needed workers.

There was, however, also a shifting dynamic in the workforce. In the spring of 1940 the armed forces had numbered fewer than 350,000, so the Selective Training and Service Act of 1940 required that men between the ages of 21 and 36 register with local draft boards.

This would eventually have an effect on the US when it was dragged into the Second World War. The age ranges changed to between 18 and 45, and a shortage of male labour saw greater numbers of women, retired people and students enter the market. There were still many millions of available men, however, with Roosevelt's strategy being to keep ground troop sizes as small as possible as to have more hands for the industrial processes. But it meant that families were not to be as reliant on one breadwinner in future.

In fact, every contribution made by workers was restoring prosperity and consigning the Great Depression to the past. It certainly helped that the US could remain largely positive, too. There were 407,300 military deaths, but a relatively small number of civilians died, certainly when compared with the Soviet Union, a country that saw as many as 10 million Russian civilian deaths.

The US was also, in some respects, lucky. It had two vast oceans either side, which made it more difficult to attack when the guards were up. Civilian consumption also increased by close to 15 per cent,

Franklin D Roosevelt signs the Declaration of War against Japan following the attack on Pearl Harbor

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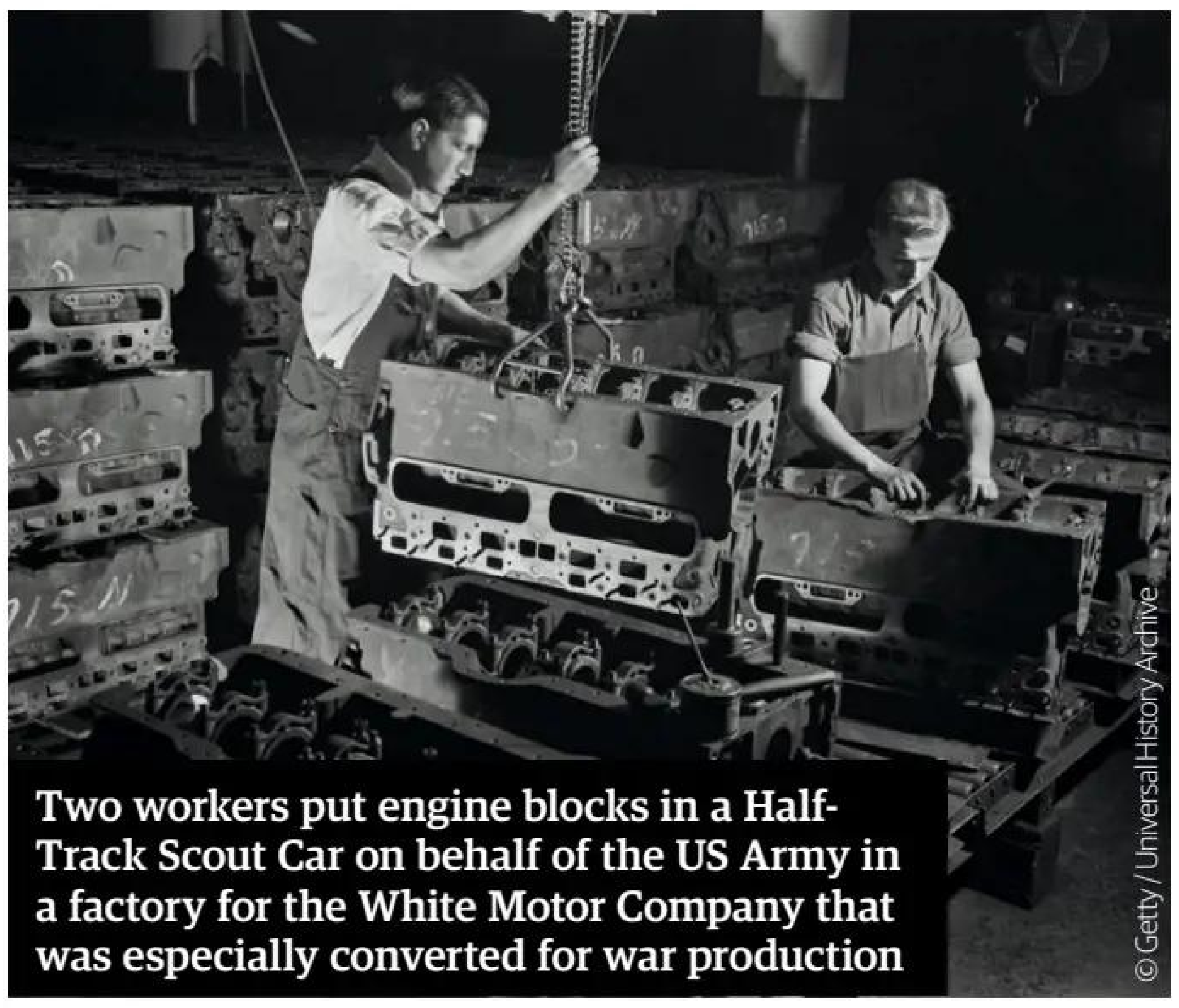

Two workers put engine blocks in a Half-Track Scout Car on behalf of the US Army in a factory for the White Motor Company that was especially converted for war production

© Getty / Universal History Archive

> “THE US WAS GRADUALLY BECOMING LESS ISOLATIONIST, WHILE ALSO MASSIVELY BOOSTING EMPLOYMENT”

which helped it to emerge in a healthy economic position, certainly far better than that of its allies.

In his speech on 16 August 1945 after the war had ended, British prime minister Winston Churchill, whose own country had lost huge amounts of absolute wealth and was about to enter an age of austerity, said: “The United States stand at this moment at the summit of the world.” But how did the US continue its prosperity when spending on defence became less of a priority?

There had been fears that the country could slump back into a depression as millions of servicemen demobilised and the country went back to a civilian footing. Roosevelt had died on 12 April 1945 and vice president Harry S Truman had taken over, becoming president until 1953. His task was to steer the United States through the post-war years while ensuring it didn’t become isolationist once more.

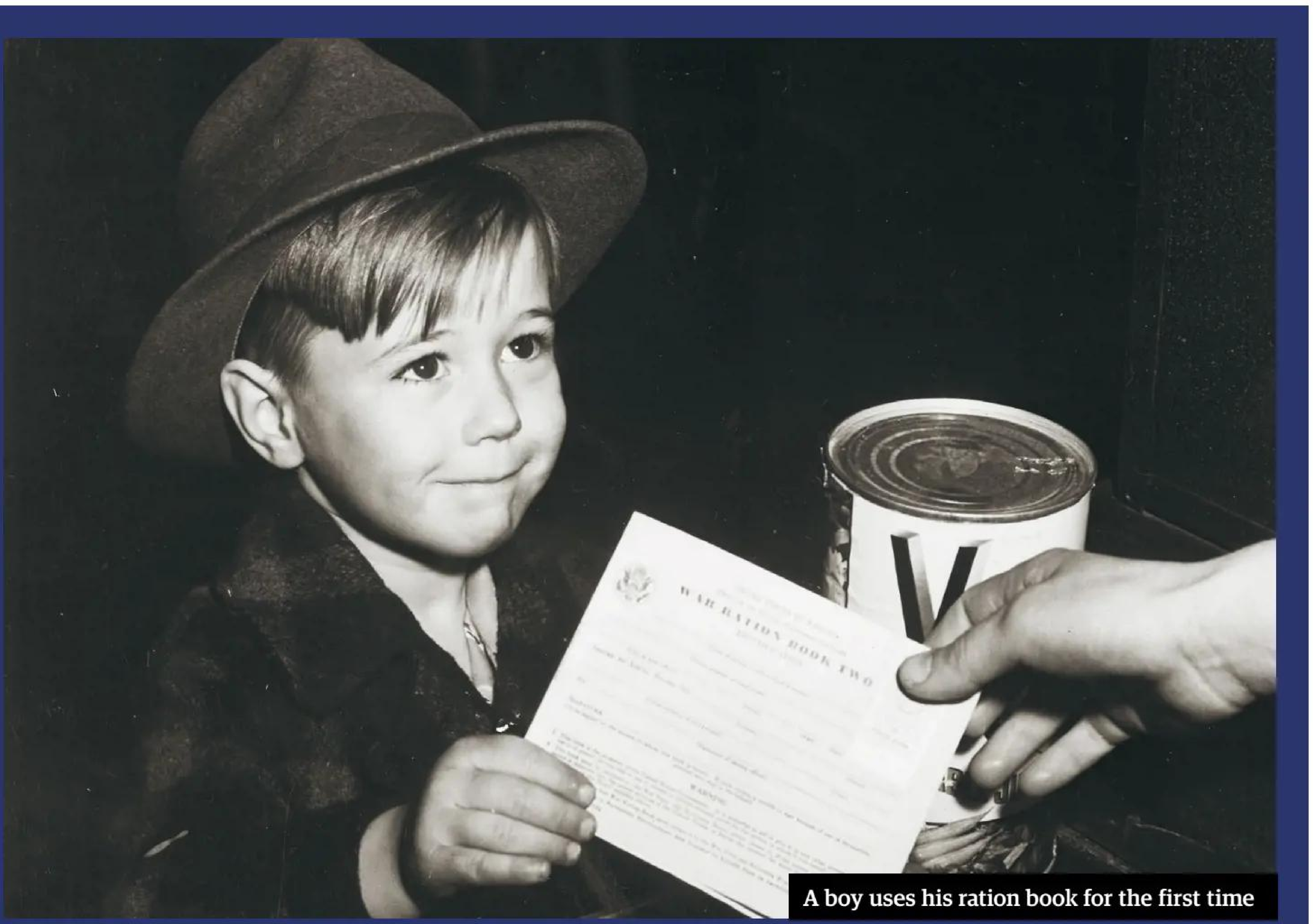
Very few people were unemployed at this time. In 1943 the rate sat at 1,070,000, falling to 670,000 in 1944 and rising to 1,040,000 in 1945. There were 2.9 million employed by the federal government - up from 830,000 in 1938 - yet Truman’s Democratic Party had suffered large losses in the 1946 elections and the Republicans took control of the House and the Senate. Government spending fell dramatically from 42 per cent of GDP to 14 per cent between 1945 and 1947, going down to 11.60 per cent in 1948 and rising again to 14.30 per cent in 1949 and 15.60 per cent in 1950.

But while many government employees were made redundant and offices such as the War Production Board closed, GDP continued to rise, and it did so for years, from $228 billion in 1945 to $1.7 trillion 30 years later. The private sector also flourished, and employment increased. The US government had taken responsibility for the economic stability of inflation and unemployment as part of the Employment Act of 1946, and the policy seemed to be working. Even though the Federal Reserve had begun to increase interest rates, leading to a correction of the market, the US economy was on an upward trajectory.

Unemployment remained in single figures for years, and it only rose above five per cent once until 1957 - a single 6.6 per cent in 1949. It was a period of lower corporate tax and a reduced tax burden, along with low inflation and privatisation. With a burgeoning middle class, productivity up and strong labour unions, America had completed an economic turnaround that no one could have predicted in the midst of the Great Depression. It had also done so as other major powers, including Britain, slumped.

DID AMERICAN LIVES INSTANTLY IMPROVE?

World War II is commonly believed to have ended the Great Depression, but it wasn’t a magic wand


A boy uses his ration book for the first time

In many ways Americans were well prepared for war. Not only was the country ready when Japan unleashed its bombs, but the years of economic hardship caused by the Great Depression allowed citizens to knuckle down and make do with what they had with the minimum of fuss.

It could be argued that World War II merely refocused American attentions, allowing them to take one eye off the myriad of home-grown problems they had suffered and place it on issues that were very much international. In doing so the standard of life they had grown accustomed to became institutionalised. Now it was for the greater good.

Although more people were working and the war was directly occupying millions of men, rationing caused hardship. From an economic standpoint, taxation reviews saw more people paying income tax - it rose from seven per cent of citizens in 1940 to 64 per cent in 1944. The highest tax rate - for those on more than $200,000 - also hit 94 per cent. But confidence in the banks had returned, and people were saving money. War bonds were also popular.

Even so, there were restrictions. Steel, aluminium, copper, nickel and rubber were rationed. Sugar, meat and coffee were also in short supply, and civilians looked for alternatives: waste fat could make glycerine, for example. Yet a Victory Garden campaign saw up to 20 million families growing their own fruit and vegetables on any patch of land they could access. There was a great desire to pull together, and it stood America well.

Roosevelt set fire to the notion that governments ought not to interfere in America's economy, inspiring future leaders

LOOKING BACK

How society and the art world came to reflect on the Great Depression after the worst had come to pass

Words David Crookes

Whenever there is an economic low, comparisons to the Great Depression are promptly wheeled out. Whether it's a warning of how bad things can become - there has never been anything of its magnitude in the Western world since those dark days - or whether it is a comfort blanket suggesting we still have it better today, the downturn that began in 1929 acts both as a historical anchor and a reminder; a political tool, too, in many regards.

We can look back at the Great Depression with our eyes open, thanks to an abundance of documentation about those times. The newspapers of the day reported in great detail the daily hardships and policies, which succeeded and failed, with photographers and cinematographers committing images to film that bring home the situation in ways that, before such technology, we could only read or, at the very least, hear about through word of mouth.

One of the biggest legacies of that era has been a strong belief in the role of federal government as policies became more interventionist and protectionist. Few now expect the authorities to sit back and watch as a crisis unfolds, and the markets, therefore, cannot be entirely free. Government has a responsibility for its citizens' welfare and it must involve itself in the machinations of a healthy economy. Certainly, when the so-called Great Recession gripped the world between 2008 and 2010, US president Barack Obama followed the lead of Franklin D Roosevelt.

Indeed, to tackle the Great Recession, Obama looked to spend, just as Roosevelt had done before him, although the policy was not without criticism.

Congress approved an economic stimulus package in 2009 that is said to have cost $831 billion and, while it caused federal debt to increase just as it did under Roosevelt, it at least created some confidence among consumers.

The money was spent on health care, education and extended unemployment benefits, with one-third of the cash funding federal contracts, loans and grants. The idea was that a decrease in private spending could be offset by increasing public spending and, while there was a debate over whether or not it lowered the unemployment rate, the economy did grow.

What's more, as under Roosevelt, the finger of blame for the cause of the downturn was largely pointed at the bankers. This time, however, bank runs in the United States were less of an issue. One of the reasons was the creation of the Federal Deposit Insurance Corporation (FDIC) in 1933, which insured deposits up to $100,000. There was less of an incentive for the majority of people to withdraw their cash.

Not that it eradicated runs entirely. Many depositors silently withdrew funds electronically rather than physically, which worsened the crisis. There were still failures, too – 465 banks were closed by FDIC between 2007 and 2012. FDIC also seized assets such as that of IndyMac, which failed in 2008. Those particular assets were put up for auction and mainly sold to IMB Holdco, which turned it into OneWest Bank.

Such matters certainly brought some relief to anyone who had ever seen the Great Depression depicted in film, art and literature – mediums through which the worst of life back then is starkly brought to life.

A good number of Americans are particularly familiar with John Steinbeck's Pulitzer Prize-winning *The Grapes of Wrath*, which, following publication in 1939, was made into a 1940 Hollywood movie by John Ford. It follows a poor family of tenant farmers, the Joads, driven with great hope in their hearts across 1,600 kilometres of desert, from drought-hit Oklahoma to California, to relieve their economic hardship.

Steinbeck's savage work remains a defining, shocking look back at a point in history, one that calls out the immorality of the banking system – referred to as a "monster" – and the terrible welcome families received. He tried to make it as accurate a reflection of the situation as possible, a rod for which he was called a communist and accused of lying. Schools and libraries banned it, and Congress treated it with disdain.

Steinbeck's previous work, *Of Mice and Men*, trod a similar path, also reflecting the discrimination endured by many black Americans while exploring the need of citizens to travel in order to make money to survive, usually taking work on farms. He was not alone in his negative reflection of the era, though. *To Kill a Mockingbird* by Harper Lee in 1960 was also set within the Great Depression and invokes the familiar derogation of President Herbert Hoover by writing of the trend to name items after him, such as "Hoover carts".

20th
Presents DARRYL F. ZANUCK
THE GRAPES OF WRATH
by JOHN STEINBECK
TWENTIETH CENTURY - FOX presents
DARRYL F. ZANUCK'S
PRODUCTION OF
THE GRAPES OF WRATH
BY John Steinbeck
TOM JOAD
MA JOAD
CASY
GRAMPA
ROSASHARN
PA JOAD
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MULEY
CONNIE
GRANMA
DIRECTED BY JOHN FORD
TOM JOAD
MA JOAD
ROSASHARN
UNITED CIGARS

Although these cinemagoers had lived through the era, they were nevertheless keen to see John Steinbeck's take on the Great Depression in the movie adaptation of *The Grapes of Wrath*

© Getty / Lambert

"STEINBECK'S SAVAGE WORK REMAINS A DEFINING, SHOCKING LOOK BACK AT A POINT IN HISTORY, ONE THAT CALLS OUT THE IMMORALITY OF THE BANKING SYSTEM"

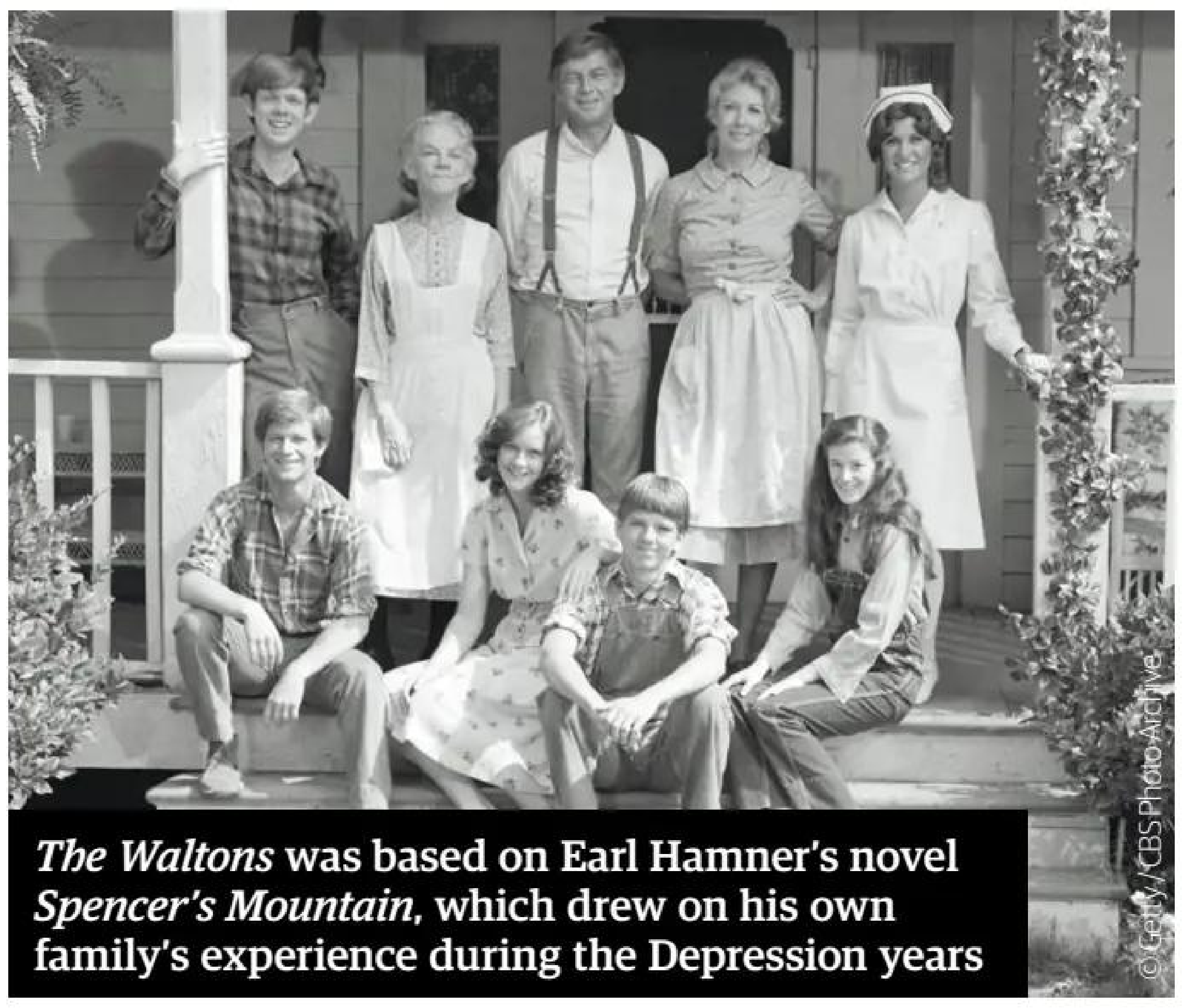
It talks of the bread lines, industrial strife and the lack of money and items to buy, but there was a greater distance between the book's writing and the event itself, allowing it to be more reflective with the passing of time. But just how does more modern art view the Great Depression with the benefit of hindsight?

Surprisingly, there are very few modern films that address the Great Depression head-on (*The Green Mile* of 1999 treads a supernatural path; *Kit Kittredge: An American Girl* of 2008 is a comedy-drama set in its aftermath but touches upon the main character's father having lost his car dealership and going to Chicago in search of work).

Given the issues of the Great Repression, movies drawing lessons from the Great Depression and making art out of suffering should perhaps be more prevalent. Television, however, has picked up some of the slack over the years. *The Waltons*, which ran for nine seasons between 1972 and 1981, was set in rural Virginia from 1933. They had decided to live off the land and on a love for one another, underlining a sense of togetherness that undoubtedly helped many families through the bleakest times.

And yet it was still only superficially resembling real life, despite showing that people had the same problems they have today, only with the cloud of economic failure over the heads too. It was a sugar-coated view of the Great Depression, in many ways, with society sufficiently distant so as to feel from a very different era. As entertainment, its role was not to depress.

Likewise, *Carnivàle*, produced by HBO and aired between 2003 and 2005, looked at groups of carnival travellers in the Dust Bowl in 1934 and 1935 but didn't truly dwell. Indeed, while the dry and dusty environment of life in the Dust Bowl was



The Waltons was based on Earl Hamner's novel *Spencer's Mountain*, which drew on his own family's experience during the Depression years

© Getty / CBS Photo Archive

In 2010 during the Great Recession, President Barack Obama stands in the Roosevelt Room of the White House and urges Congress to pass a new loan programme for small business

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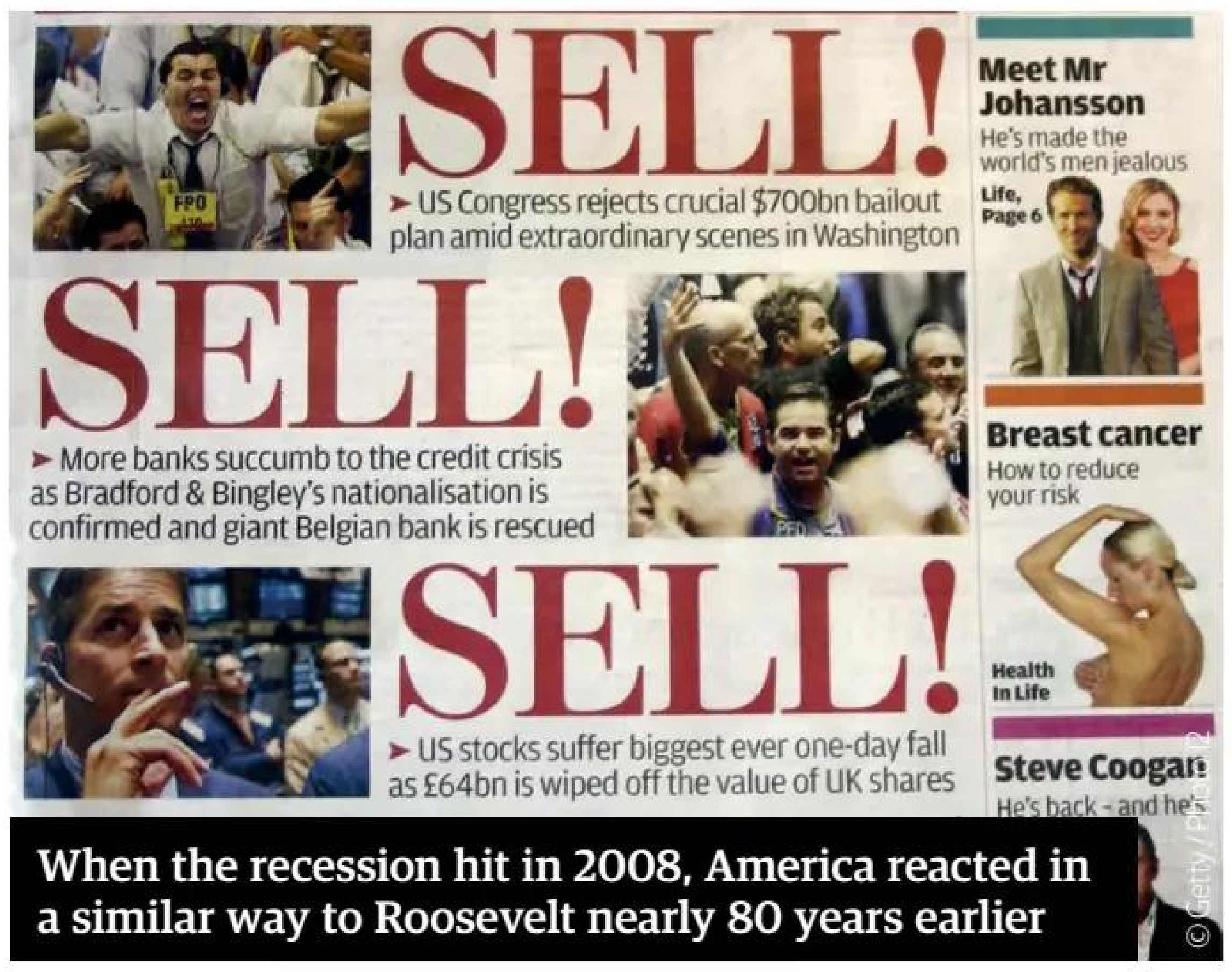


SELL!

➤ US Congress rejects crucial $700bn bailout plan amid extraordinary scenes in Washington

SELL!

➤ More banks succumb to the credit crisis as Bradford & Bingley's nationalisation is confirmed and giant Belgian bank is rescued

SELL!

➤ US stocks suffer biggest ever one-day fall as £64bn is wiped off the value of UK shares

Meet Mr Johansson

He's made the world's men jealous

Life, Page 6

Breast cancer

How to reduce your risk

Health In Life

Steve Coogan

He's back – and he's

When the recession hit in 2008, America reacted in a similar way to Roosevelt nearly 80 years earlier

©Getty / Photo12

faithfully reproduced and the period was suitably reflected in its props, it was nevertheless considered to be a mash-up of *The Grapes of Wrath* and the mind of David Lynch.

What it did do, however, was draw upon the feelings prevalent of the time: the sense of despair, the political tensions that existed and the overwhelming drag of living a remote life in pursuit of work. It also drew upon the radio as a social and cultural force – the key medium for news and entertainment and its ability to make society more homogenous. Even so, the commentary and take on the Great Depression is perhaps not so obvious: it is fiction within a historical context, after all.

That said, fiction set around the time of the Great Depression is more curious. *Bud, Not Buddy*, a children's novel by Christopher Paul Curtis published in 1999, is an orphan's poignant search for a home in the 1930s, while Karen Hesse's *Out of the Dust* explores the difficulties of the New Deal programmes – profits being carried away from swirls of dust.

These tales, as well as novels such as *A Year Down Yonder* by Richard Peck, had young people at heart. Was the Great Depression being used as a cautionary tale for children here, or as a way to make them feel grateful of better times? If there is one thing that stands tall throughout many works, though, it is that victims are sentimentalised.

But then poverty and hardship do lead to sentimentality, and such themes were certainly explored in art. The Federal Art Project was set up by Roosevelt in 1935 to foster pride in American culture and it manifested itself in paintings, drawings and photographs that charted daily life and hardship while pointing to a better future.

Cultural institutions were born from that period including the Seattle Art Museum, the works of which shed light on philanthropy as well as suffering. It helped build solidarity, and the mass production of art during the 1930s was felt for decades as artists as talented as Lee Krasner, Willem de Krooning and Jackson Pollock raised morale and enabled US citizens to develop a greater appreciation for culture even during tough times.

It has meant that art is much more greatly valued as a outlet for reflection, and decades of artists have much to thank those who were flexing their artistic muscle in the 1930s. Images of suffering proved compelling just as they continue to be today and the artists were not afraid of aligning with or against the political mood of the day. They painted a way forward for the future and allowed generations much time to reflect.

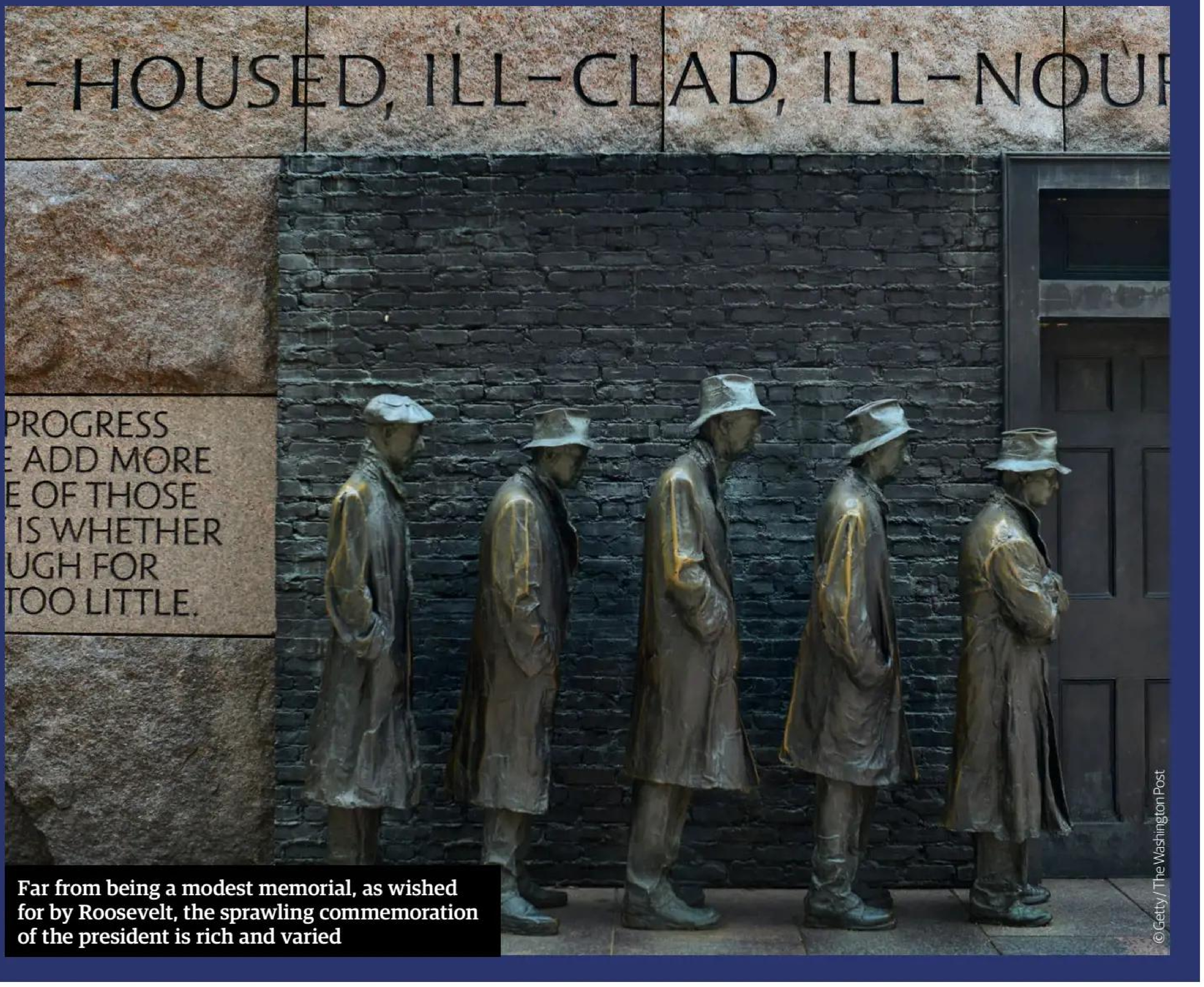
RECAPTURING THE ROOSEVELT ERA

A maze-like memorial to the United States' longest-serving president depicts a complex period

In 1997, the Franklin Delano Roosevelt Memorial was unveiled in Washington, DC, to commemorate the 32nd president of the United States. Roosevelt had been a central figure in America's response to the economic downturn, so the monument – built around four outdoor rooms and designed by Lawrence Halprin – depicts scenes from the Great Depression amid representations of the president's achievements.

These include a poignant bronze sculpture by George Segal called *Depression Bread Line*. Measuring 2.7 metres by 3.6 metres, it shows five men waiting in line near a door with the first in the queue being Leon Bibel – someone who actually did this for real during those troubled times. Mr Bibel had hoped to be an artist himself but the Great Depression saw him working as a chicken farmer. Roosevelt, meanwhile, is shown engaged in one of his cosy fireside speeches to the nation and – in one of the five main water areas – a single large drop symbolises the crashing of the economy.

The idea is that it gives visitors an insight into the challenges faced by America's longest-serving president; a way of looking at the era from the position of authority in some respects. It was created because Congress believed an older memorial in front of the National Archives was not a large enough tribute.



Far from being a modest memorial, as wished for by Roosevelt, the sprawling commemoration of the president is rich and varied

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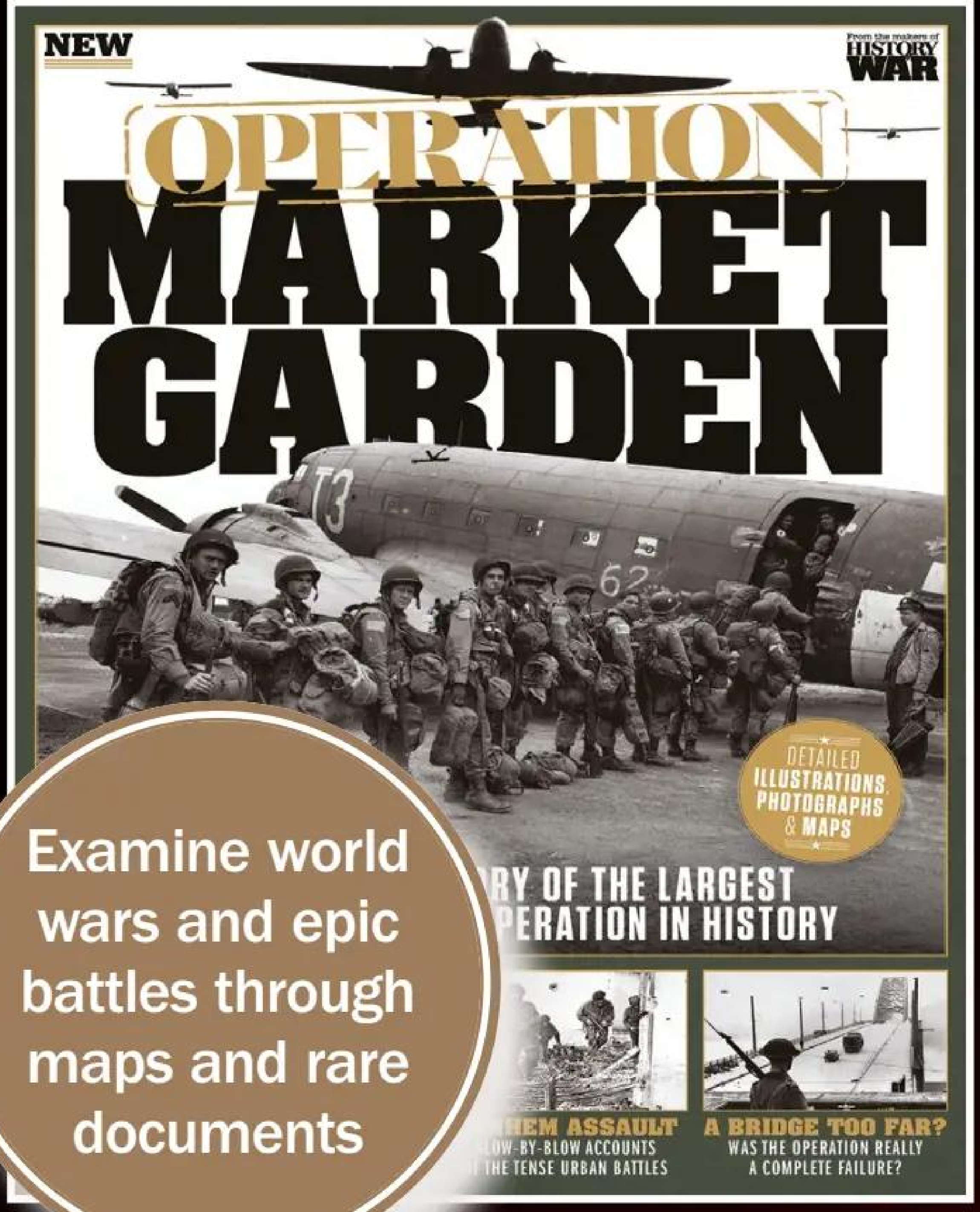
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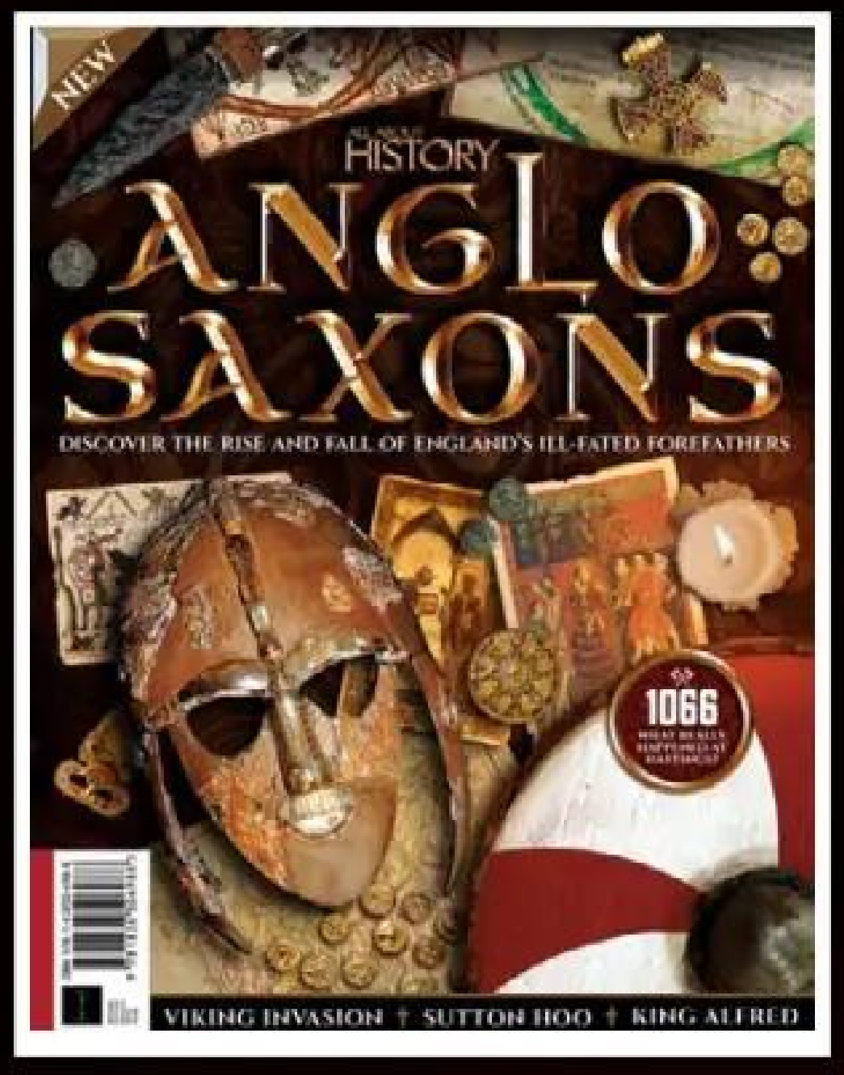
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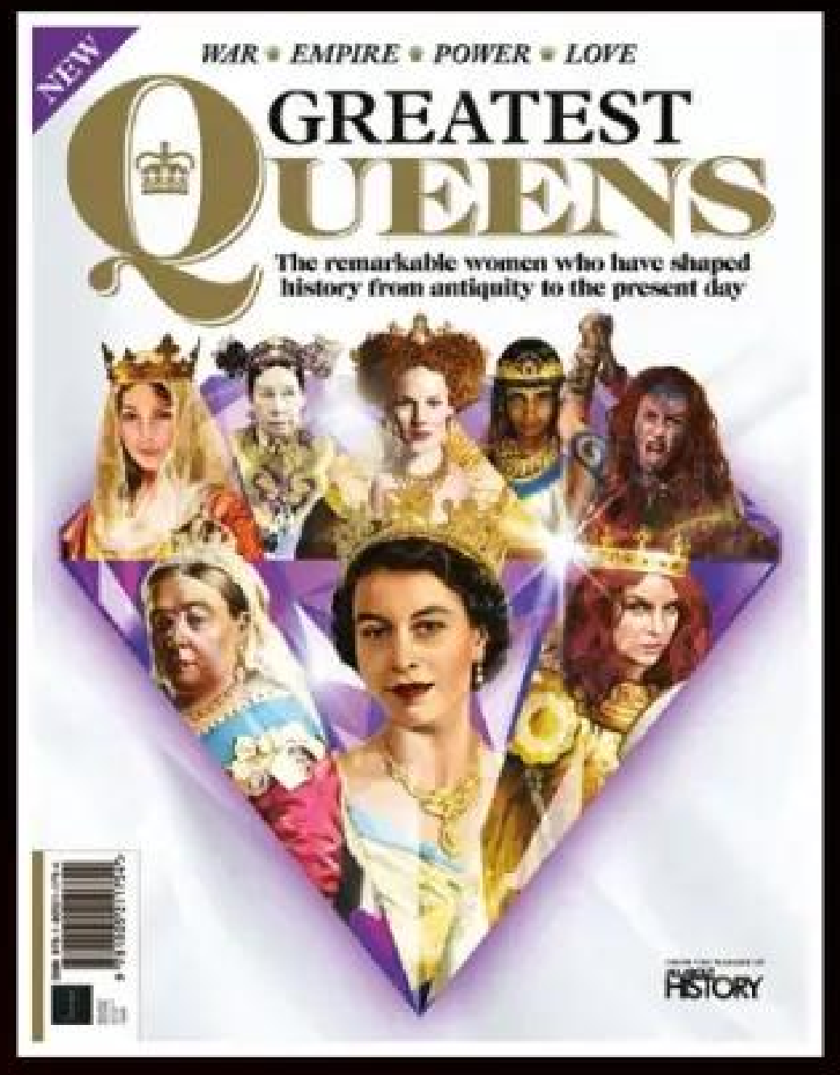
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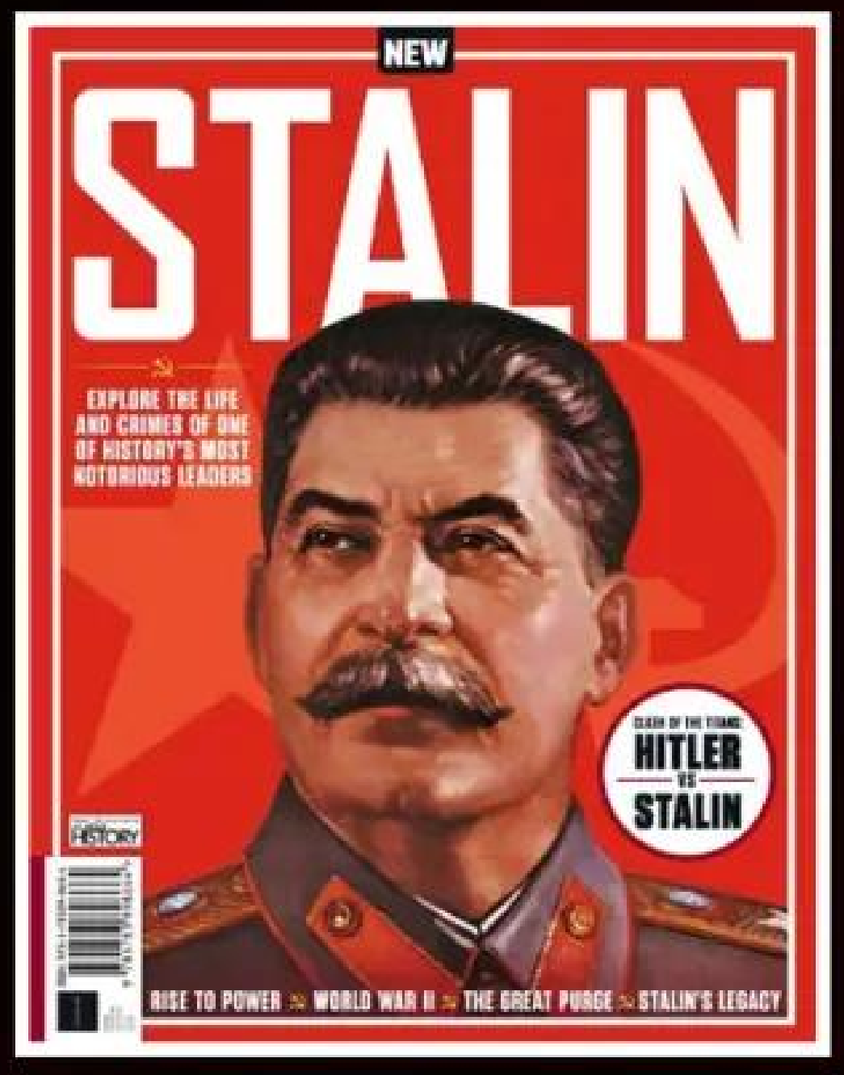

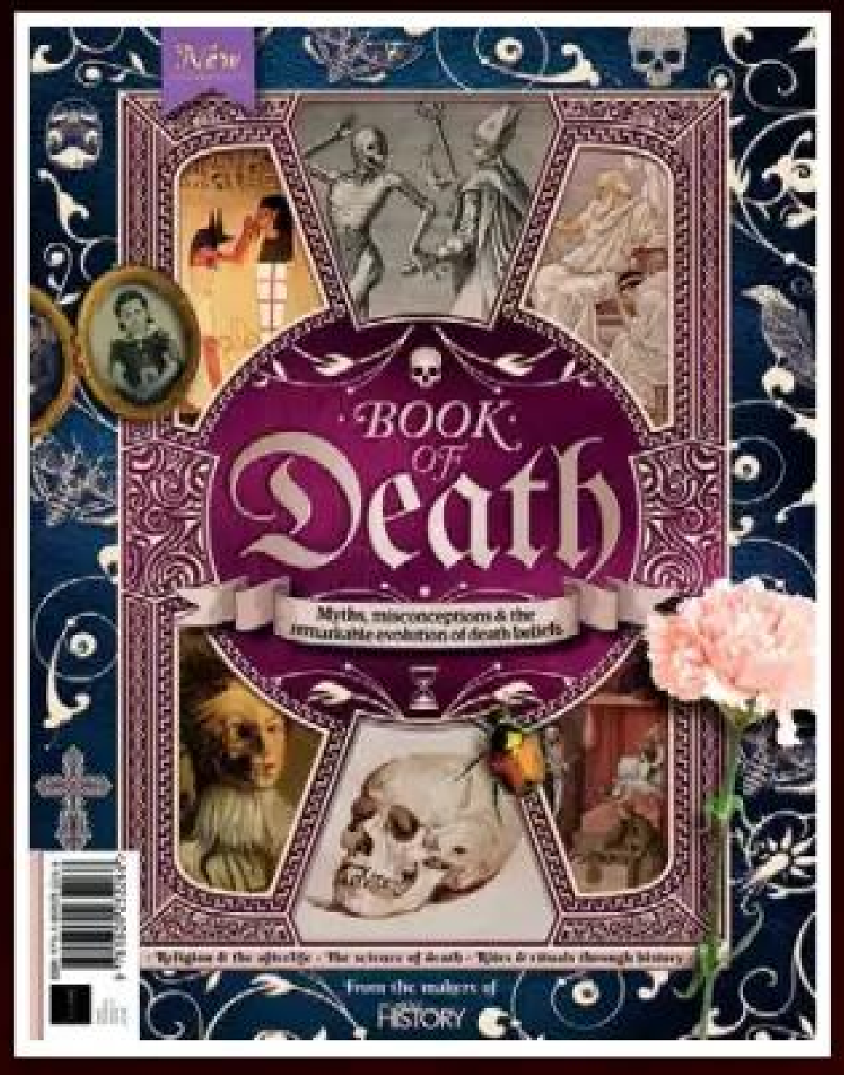
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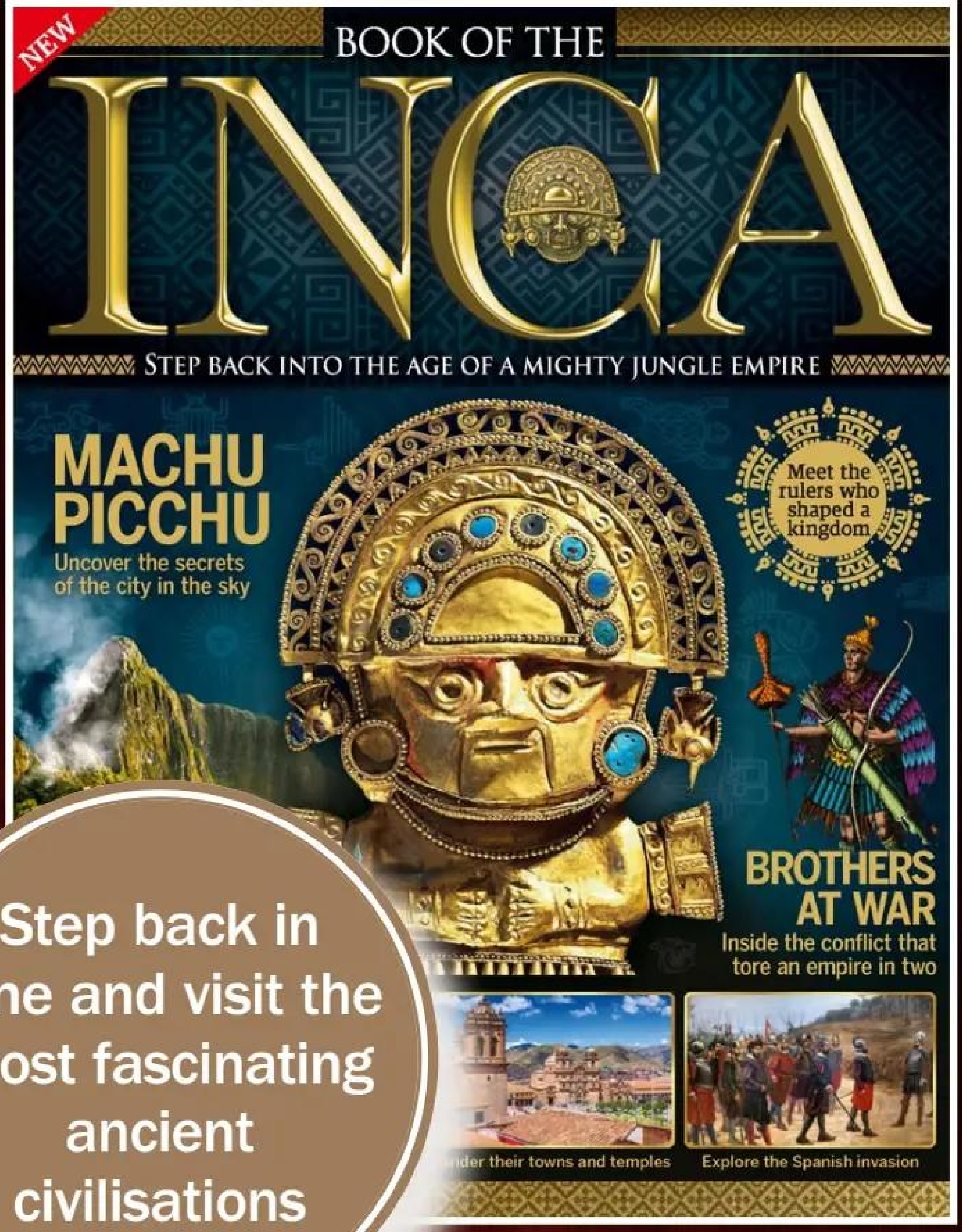
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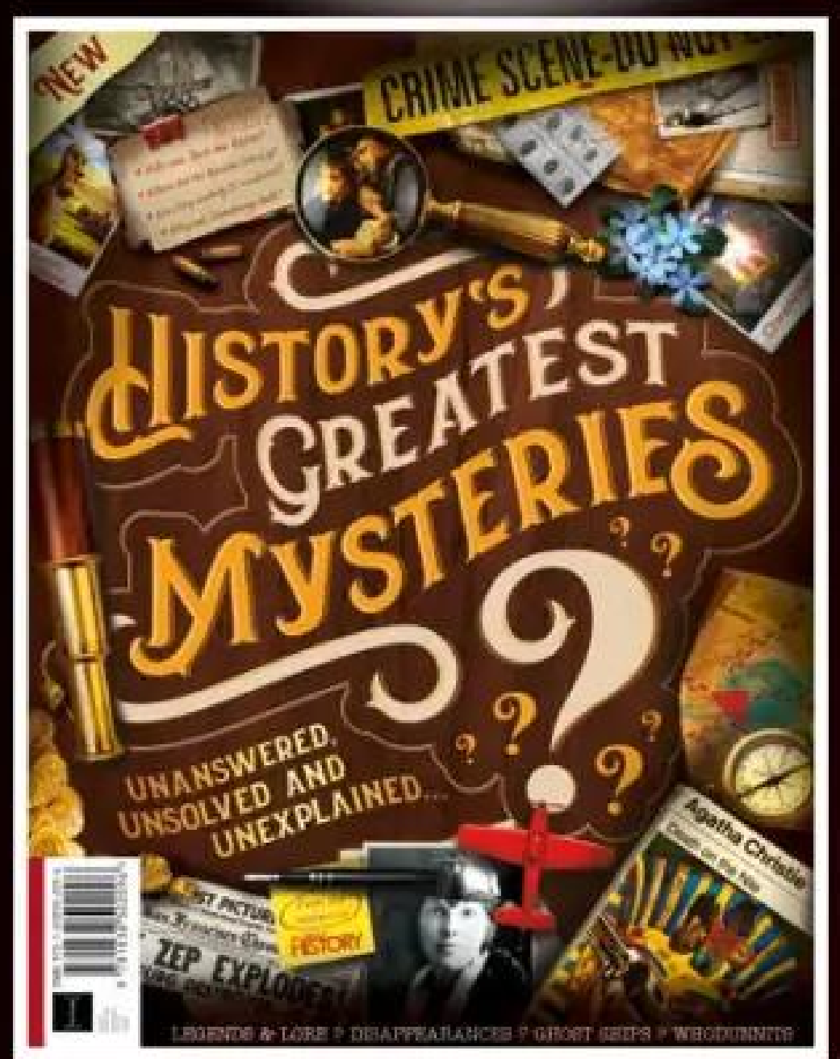
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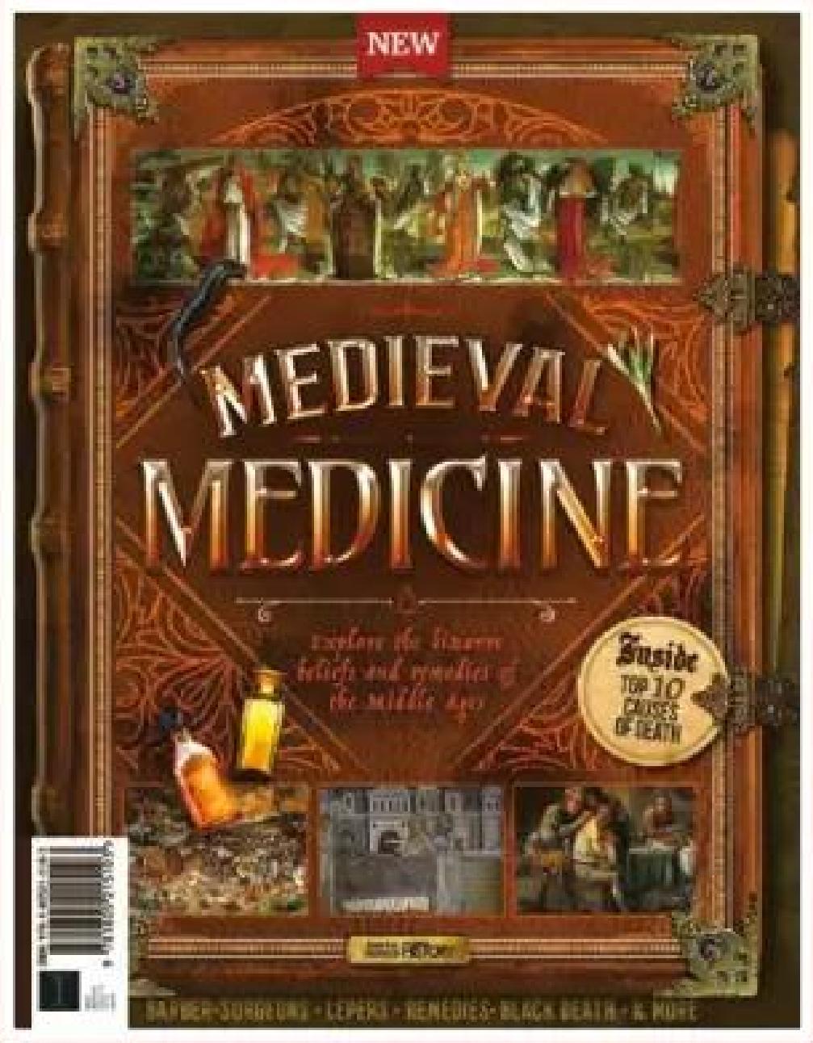
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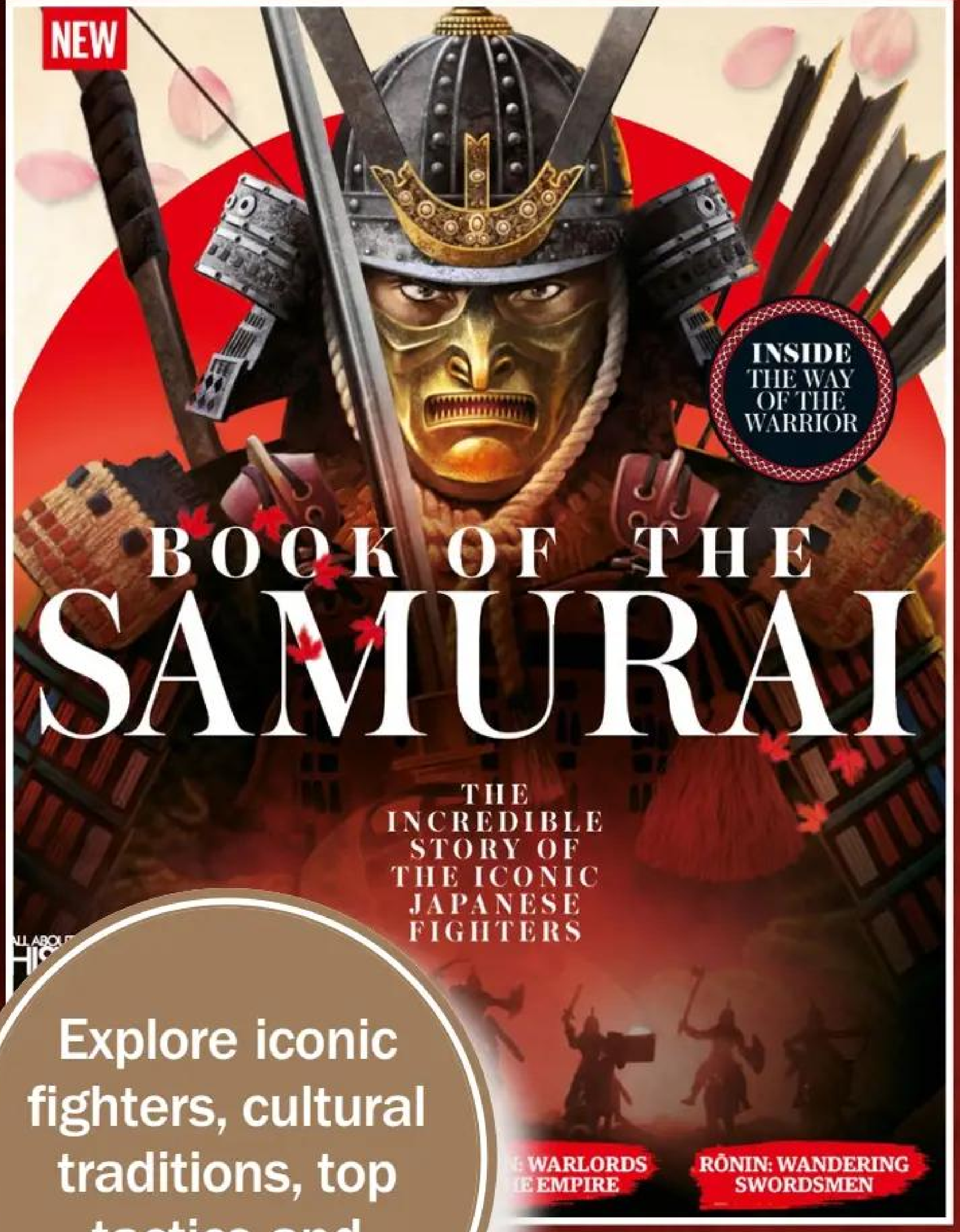
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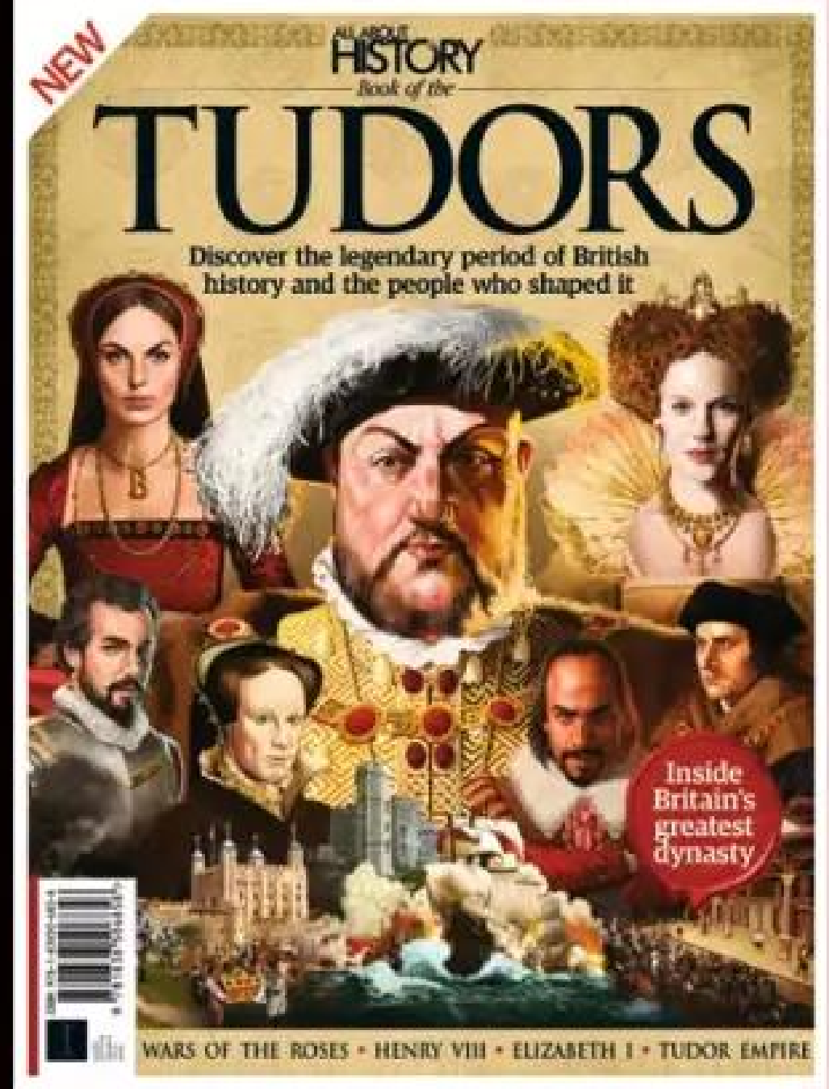

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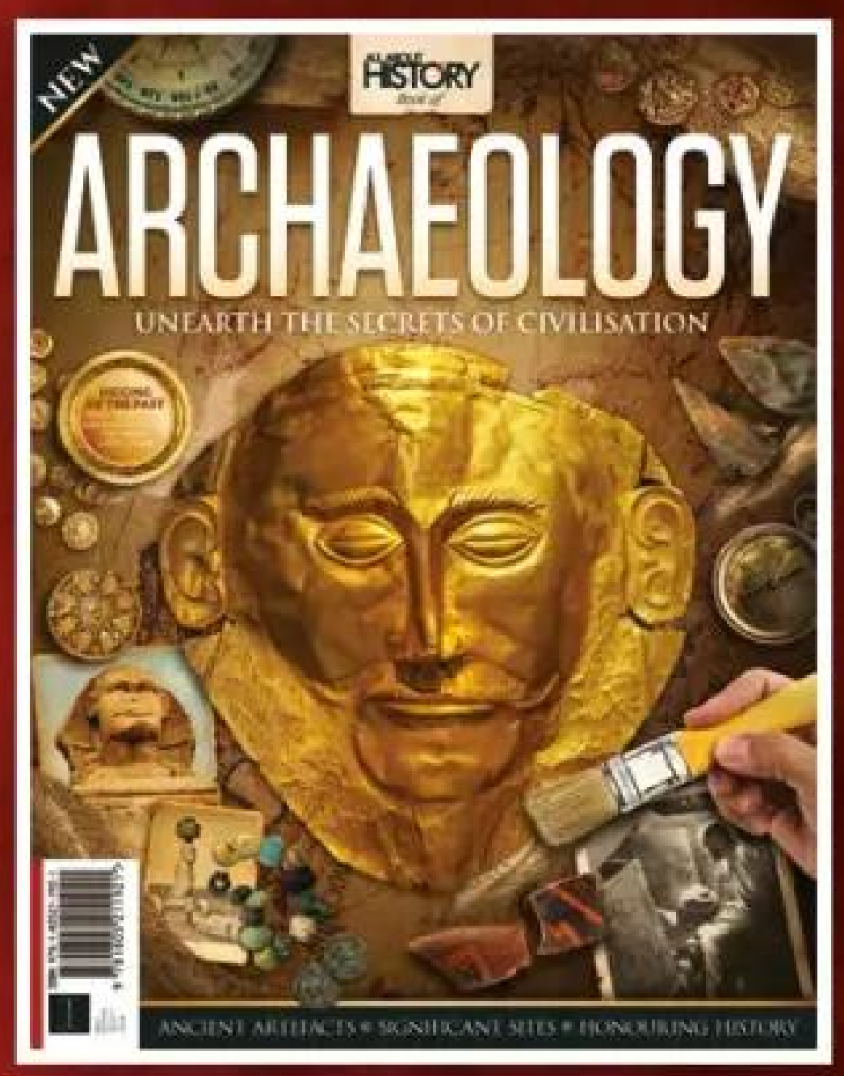
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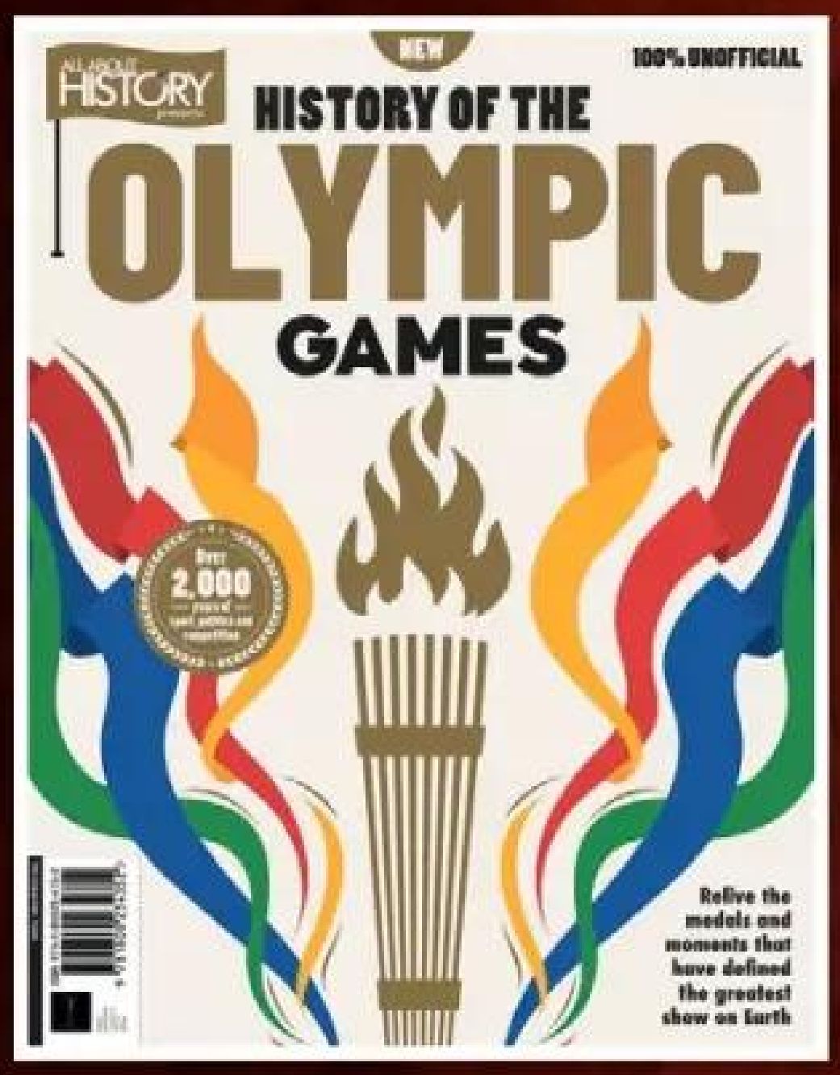
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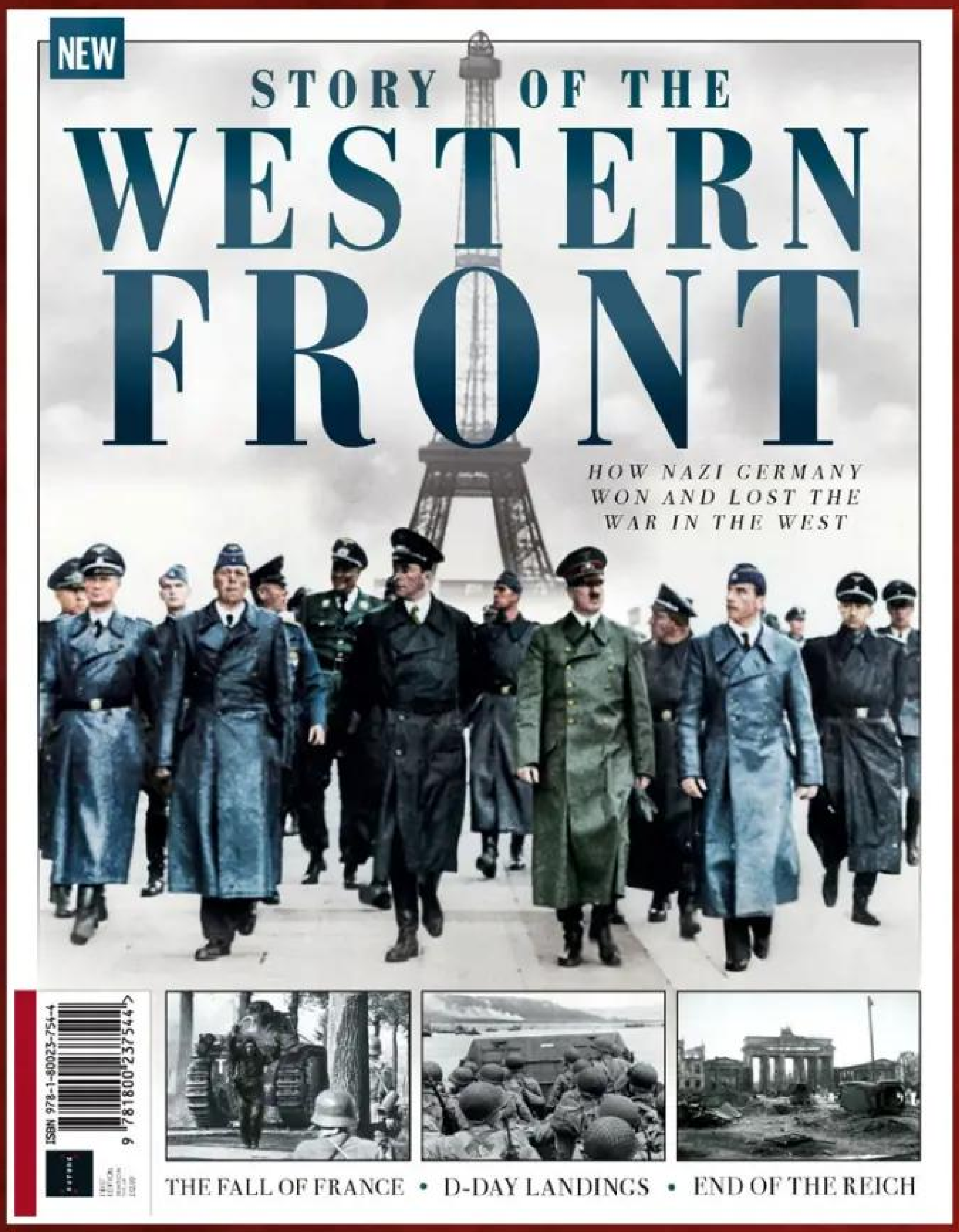
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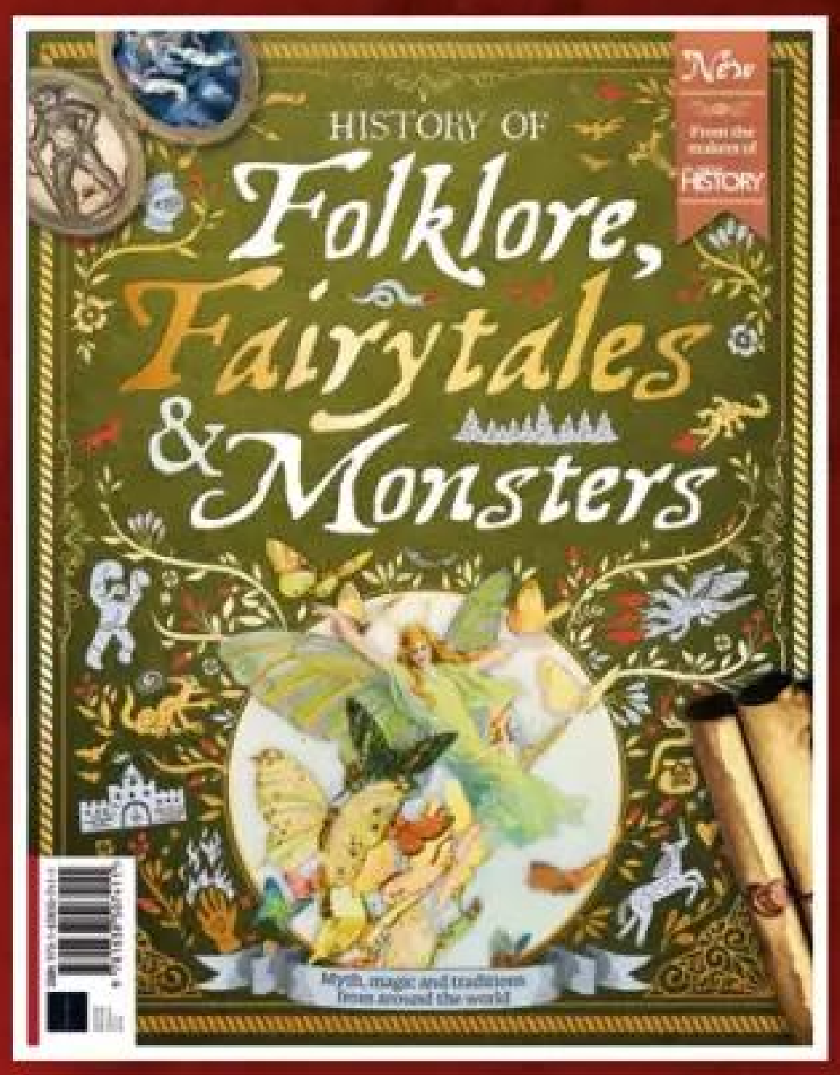
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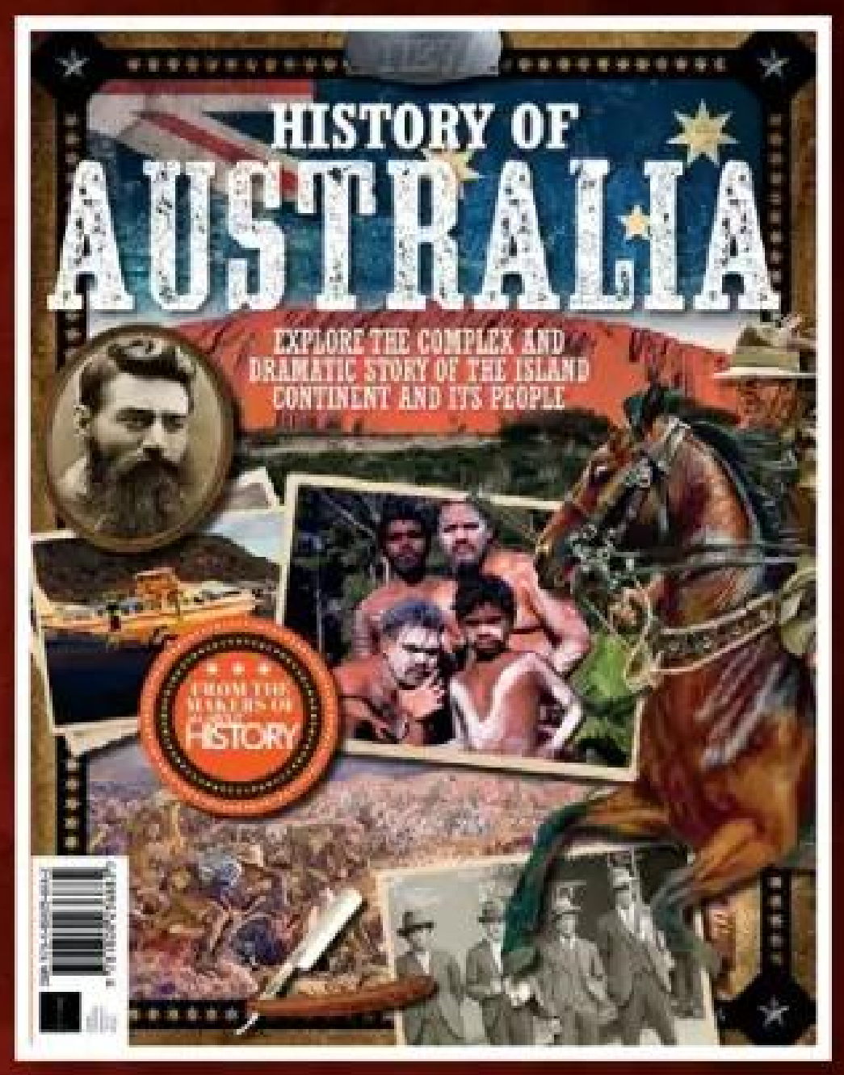
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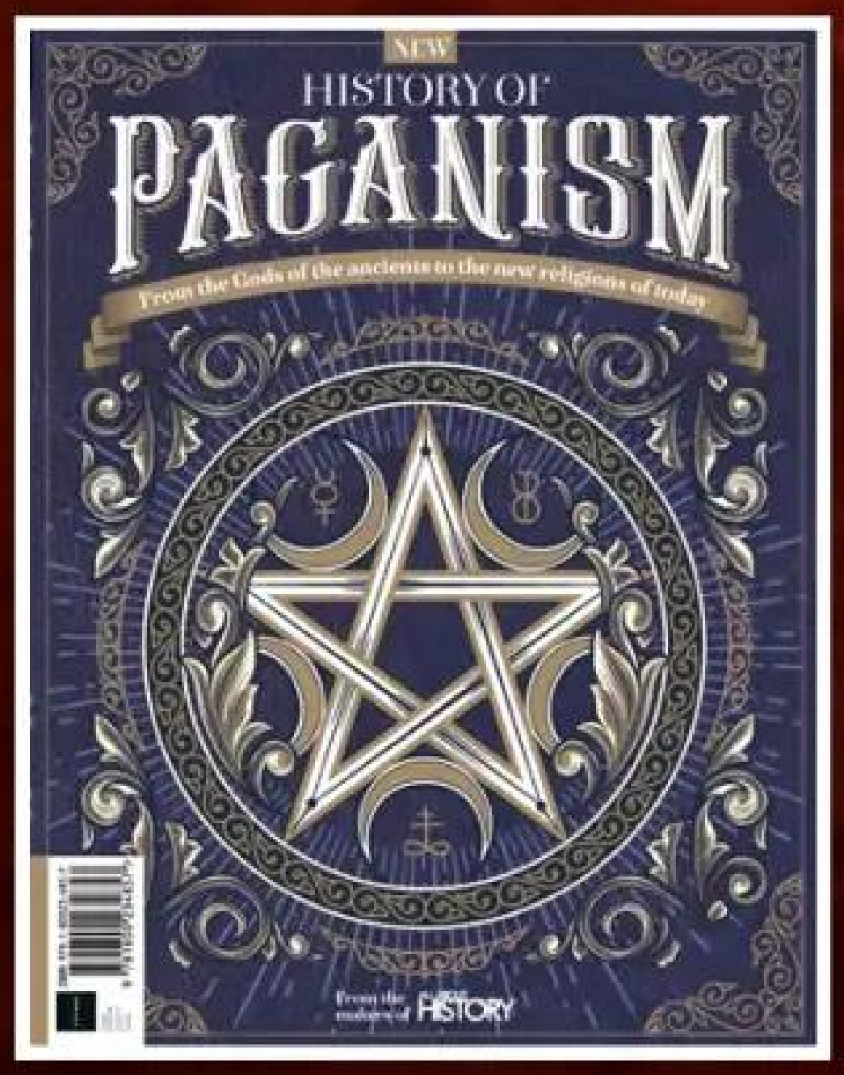
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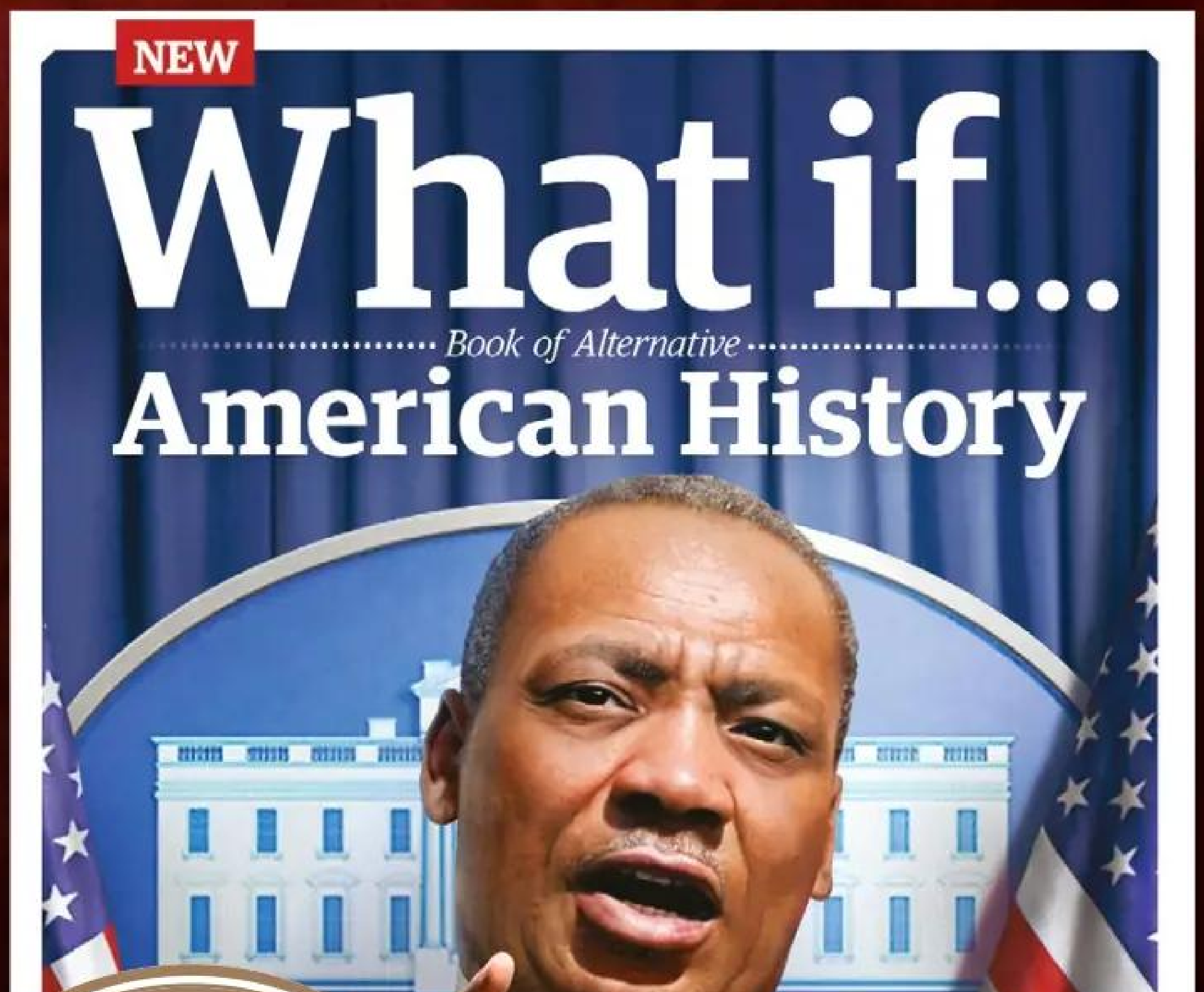
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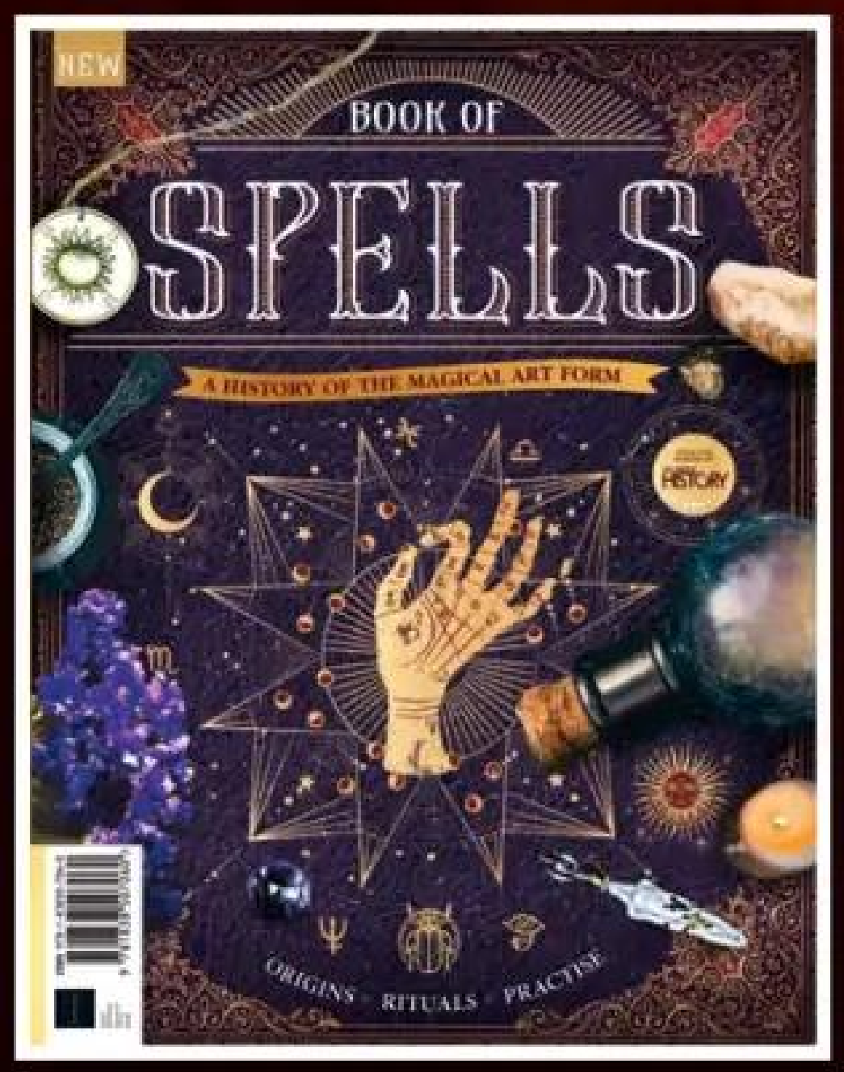
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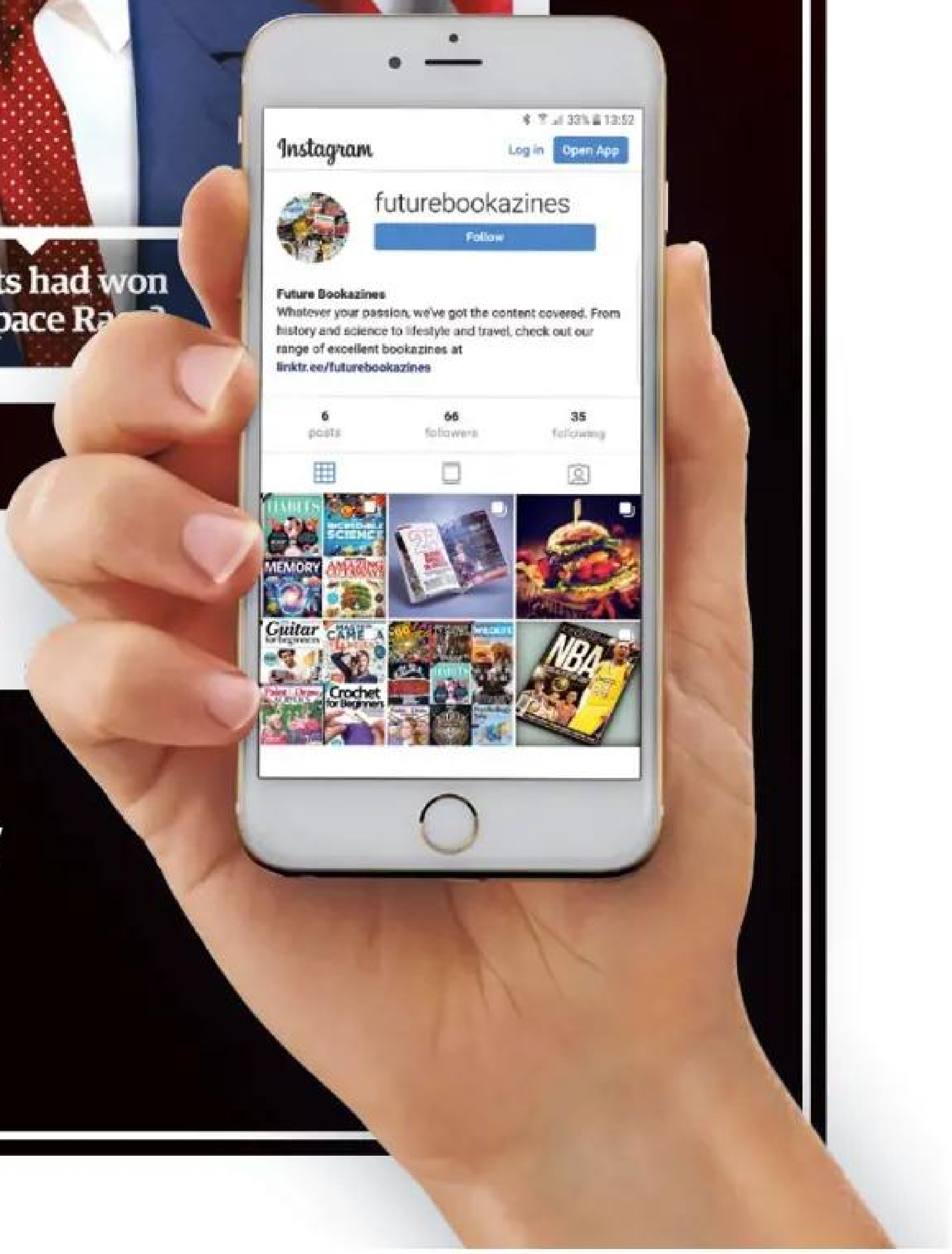
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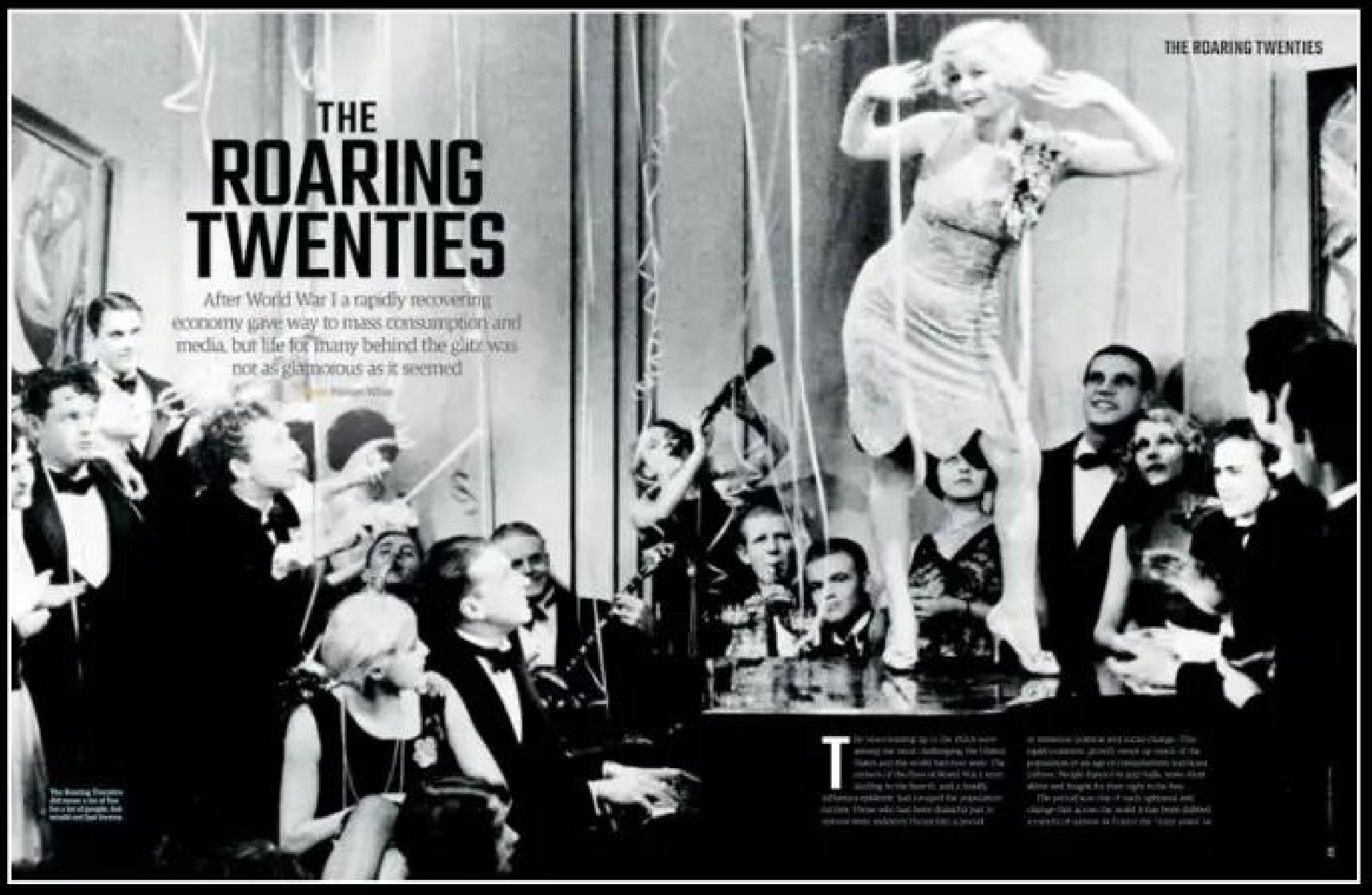
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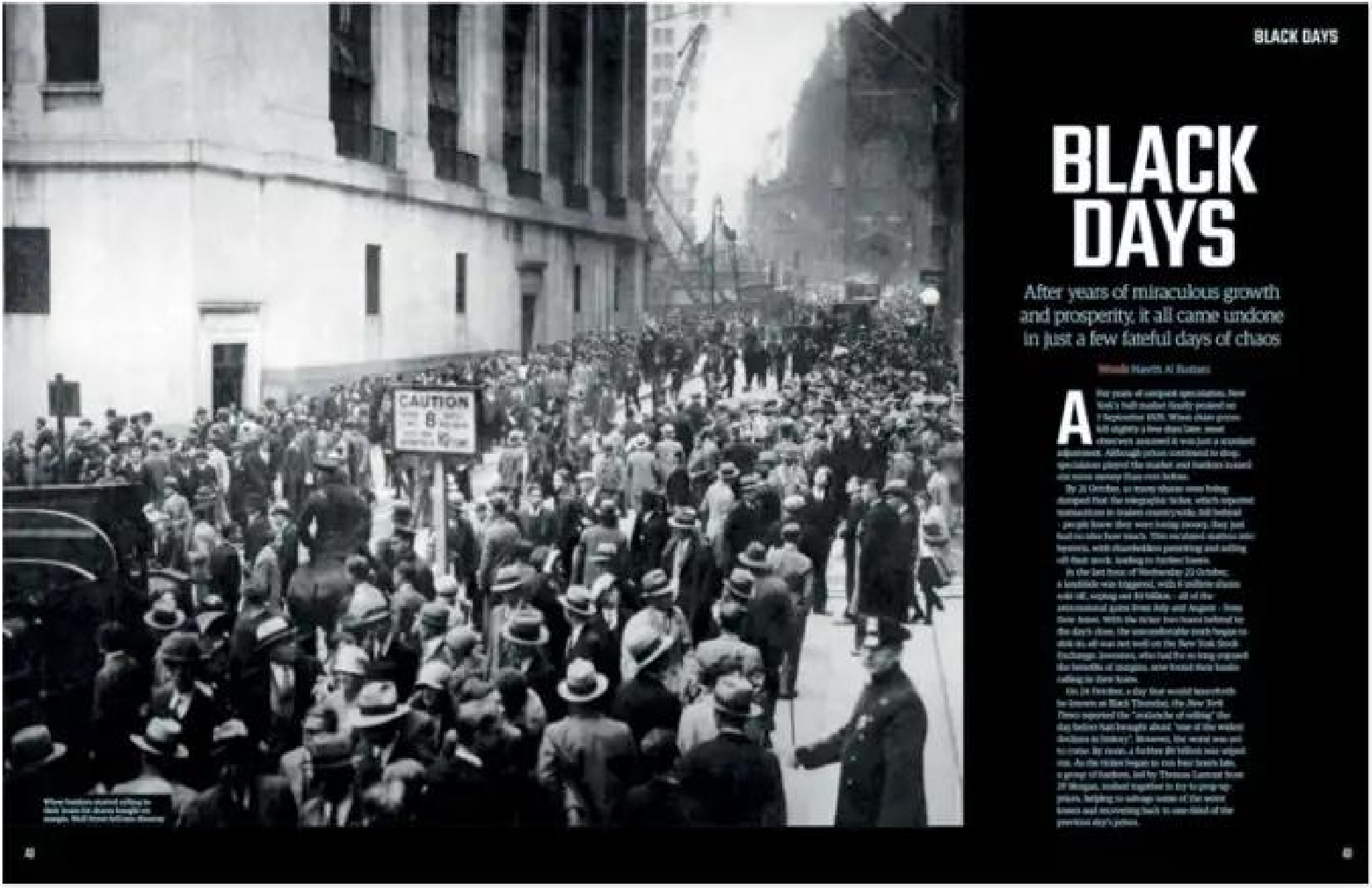
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